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Monopoly Capitalism in India
Breakdown of Nuclear Energy
Some Reflections on the Role of

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Prabhat Patnaik

CONTENTS

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Editorial Note

1

Marxism and the National Question: An Overview

— Suneet Chopra 3

Monopoly Capitalism in a Dependent Economy: The Indian Case

— Asim Chaudhuri 14

Waiting for the Nuclear Winter: Breakdown of Nuclear Arms Control

— C Raja Mohan 30

NOTES

Method, Metaphysics and Theory: Some Reflections on Reading Marx

— K Raghavendra Rao 53

Santhosh Kumari Devi: A Pioneering Labour Leader

— Manju Chattopadhyay 62

U S Invasion of Grenada

— M J 74

BOOK REVIEW

Towards a New Bretton Woods

— Biswajit Dhar 78

Articles, notes and review express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

THE NATIONALITY QUESTION in India, which has all along been our important practical question, is once again coming to the forefront. A clear Marxist perspective on this question in our concrete context is urgently required, and to this end *Social Scientist* proposes to initiate in its pages a discussion on this question. For a start we publish as the lead article of the current number a piece by Suneet Chopra which seeks to outline the Marxist approach to this question. Since Marxism opposes any national oppression, on the one hand, as well as any "consecration of nationalism", on the other, central to its approach is the drawing of a "boundary line", as Lenin put it. Chopra traces this "boundary line" through the writings of Marx, Engels and Lenin and argues that this "boundary line" too does not remain immutable in the context of changing historical circumstances. Marxism approaches the national question not in terms of abstract formulae or simple canons of moral rectitude, but from the concrete perspective of the proletarian class struggle. And with the changing conditions of class struggle, the "boundary line" too must change.

This perspective of class struggle however has increasingly been relegated to the background in the recent upsurge of debate on Marxism, especially in the West. As Marxism has become *de rigueur* after years of cold war neglect, the plethora of literature which has emerged, devoid of any anchorage in the concrete issues of class struggle, has settled increasingly into an esoteric and scholastic Marxology. Raghavendra Rao, in his article, asks the pertinent question: Where does one find the Marx of proletarian praxis in this burgeoning literature? Basing himself on the introduction to the *Grundrisse*, he attempts to recreate the relation between the theory, the method and what he calls the "metaphysics" of Marx. He uses the term "metaphysics" in a sense different from its common Marxist usage to denote *a priori* perception which informs any theory about reality; in this sense, according to him, every theory has a "metaphysic" underlying it. Whether one accepts his position or not, the issues raised in his paper concern the fundamentals of Marxist epistemology and deserve careful study and discussion.

The trio of papers dealing with aspects of Marxist theory is completed by Asim Chaudhuri's piece on the specificities of monopoly capital in the Third World countries. The emergence of monopoly out of "free competition" in the advanced capitalist countries is contrasted by him to the formation of monopoly groups, with their origin in commercial capital, in a colonial environment and their subsequent evolution in the post-colonial period. On the basis of the specificities of this monopoly, he concludes that Lenin's proposition that "under the capitalist system...unlimited expansion, perpetual progress becomes the law of production" does not apply in Third World countries like India. While this conclusion is debatable, e.g., while it may be argued that the tendency for expansion is not so much absent as manifesting itself in particular ways in such economies, there is no gainsaying the fact that the nature of monopoly capital severely constrains the bourgeois transformation of Third World societies and economies.

A great deal of complacency exists in our country, even in supposedly well-informed circles, on the enhanced threat of nuclear war arising from Reagan's Euromissile deployment. Raja Mohan's article should shake this complacency. Not only would a "limited" nuclear war in Europe also destroy all the "developing countries" of the South, but, what is more, the prospects of such a war are no longer as remote as is often imagined, owing to the dangerous belief entertained of late by the US that a nuclear war can be fought and won. This belief underlies the aggressive nuclear strategy of the US, though that strategy is sought to be justified in terms of concoctions like "Soviet first strike threat", "window of vulnerability of the US", "missile gap" etc. The article exposes the falsity of these justifications, establishes that the Soviet Union has all along been genuinely interested in nuclear de-escalation and explores the chequered history of the SALT and START negotiations. At the same time it locates the shift in US nuclear policy within the broader transformation of US foreign policy in an aggressive interventionist direction.

Grenada of course is the latest example of this transformation. The brief note on Grenada, which refutes the fatuous arguments for intervention advanced by the Reagan Administration, forms a useful complement to Raja Mohan's article.

Finally, we are happy to publish a note on Santosh Kumari Devi, perhaps the first woman trade union leader in the country, whose views and activities constitute the moment of transition between the period of exclusive 'bourgeois' leadership of working class struggles and the emergence of Communist trade unions. *Social Scientist* would welcome more such pieces, which, in recapturing certain outstanding personalities and events, recover for us the history of the struggle of the working class and the toiling people.

Marxism and the National Question: An Overview

I WISH to make it clear at the very outset that I am not going to make a textual analysis of Marx's writings on the National question. Such exercises yield very little and actually thrust the narrow coffin of eclecticism and positivism on to the growing body of Marxist thought-in-action.

For example, such exercises conducted by the 'New Left' thinkers and historians have led only to the fragmentation of Marxist thinking into the thought of Engels and of Marx; of the disjunction of the young Marx from the mature Marx; of the separation of the thought of Lenin from that of Marx—a fragmentation of Marxist thinking which is the very opposite of the dialectical approach, according to which "In the first place in order really to know an object, we must embrace, study, all its sides, all connections, and mediations. We shall never achieve this completely, but the demand for all-sidedness is a safeguard against mistakes and rigidity. Secondly, dialectical logic demands that we take an object in its development, its 'self-movement' (as Hegel sometimes puts it), in its changes... its *connections* with the surrounding world. Thirdly, the whole of human experience should enter the full 'definition' of an object as a criterion of the truth and as a practical index of the object's connection with what man requires. Fourthly, dialectical logic teaches that there is no abstract truth. Truth is always concrete."¹

Thus the non-dialectical approach of academic Marxists *disintegrates* the corpus of Marxist thinking whereas the essence of dialectical thinking calls for the integration of Marxist thought and revolutionary action. This has been very succinctly brought out in J V Stalin's Report at the Fifteenth All-Union Conference of the CPSU (B), which was delivered on November 1, 1926: "Lenin's greatness as the continuer of the work of Marx and Engels consists precisely in the fact that he was never a slave to the letter of Marxism. In his investigations he followed the precept repeatedly uttered by Marx that Marxism is not a dogma, but a guide to action. Lenin knew this and drawing a strict distinction between the letter and the essence of Marxism, he never regarded Marxism as a dogma, but endeavoured to apply Marxism, as a fundamental method, in the new circumstances of capitalist development. Lenin's

*Treasurer, Democratic Youth Federation of India.

greatness consists precisely in the fact that he openly and honestly, without any hesitation, raised the question of the necessity for a new formula about the possibility of the victory of the proletarian revolution in individual countries, undeterred by the fact that the opportunists of all countries would cling to the old formula and try to use the names of Marx and Engels as a screen for their opportunist activity."² Thus we can see while this approach is not *academic*, the principle it is based on—"The philosophers have only *interpreted* the world in various ways; the point, however, is to change it"³—is no less rigorous than academic standards. It is, in fact, more so, as logical coherence alone is not enough but the actual transformation of reality is part and parcel of the argument itself.

The Marxist Approach to the National Question

For Marx and Engels, and for those who developed Marxism-Leninism in their lifetime, there is nothing like abstract "nationalism" applicable equally to religious groups, linguistic groups or even regional conglomerates. Nationalism is seen as emerging under definite conditions, developing under precise relations and dying when they became obsolete. Nor is there a blanket application of principles such as 'secession', 'self-determination' etc for *all* nationalities at all levels of development for all time. Such metaphysical exercises would reduce the precise science of Marxism to the level of a dogma.

Marx and Engels in *The German Ideology* distinguish clearly between 'nationalism' at the level of a social consciousness and nationalism as the basis of a form of social organisation—the nation-state. They point out how nationalism as a form of consciousness could only emerge with the division of labour, and especially that between mental and physical labour, and class formation. They state: "The contradiction between town and country begins with the transition from barbarism to civilisation, from tribe to state, from locality to nation, and runs through the whole history of civilisation to the present day."⁴

The emergence of nationalities is related to specific socio-economic conditions, on the basis of which Marx and Engels distinguish between "ancient peoples" and "modern nations" or "nations which grew out of the Middle Ages",⁵ and point out how under bourgeois development nationalism takes on a specific *organisational* form, a process which they describe as follows: "By the mere fact that it is a *class* and no longer an *estate*, the bourgeoisie is forced to organize itself no longer locally, but nationally, to give a general form to its average interests."⁶

The consciousness, therefore, must be seen in relation not only to the class interests that it represents at a given stage in history, but the relation of that class to progress or its opposition to it at any given stage. This comes out very clearly in their opposition to the demand that German-speaking Alsace be detached from France and be included in German-speaking Prussia; their attitude to the Ur-Swiss revolt against

Austria, and the demand of the Southern Slavs for independence.

With regards Alsace, Engels is categorical: "We are not worthy of the Alsations, so long as we cannot give them what they now have: a free public life in a great state."⁷ Describing the resistance of the Ur-Swiss to the Austrian monarchy, he says: "This was the struggle of stubborn shepherds against the onward march of historical development, the struggle of obstinate, rooted local interests against the interests of the whole nation, the struggle of crude ignorance against enlightenment, of barbarism against civilisation. They won their victory over the civilisation of the time, and as a punishment they were excluded from all further civilisation."⁸ As for the Southern Slavs, they criticise the fact that in the blanket demand of independence for all Slavs "there is not a word about the actually existing obstacles to such a universal liberation, or about the very diverse degrees of civilisation and the consequent equally diverse political needs of the individual peoples. The word 'freedom' replaces all that."⁹

This is the essence of the Marxist approach to the National question. How does it actually affect the mass of people? Does it benefit them or does it in fact divert them from fighting for their proper interests?

They oppose the incorporation of Alsace and Lorraine into Prussia since it wants "to promote the self-development of the nation and fasten the ball and chain of absolutism to its ankle so that it will go ahead more quickly",¹⁰ in a period of democratic upsurge all over Europe against absolutist regimes. With regard to the Swiss, they lament the backwardness to which "these simple stiff-necked shepherds" had condemned themselves, pointing out how "from time to time there were too many of them and then the young men went off on their 'travels' i. e. enlisted in foreign armies where they displayed the most steadfast loyalty to the flag no matter what happened. One can only say of the Swiss that they let themselves be killed most conscientiously for their pay."¹¹

As regards the Slavs, they concede that all their objections to the Southern Slav movement would have been overridden under one condition: "If at any epoch while they were oppressed the Slavs had begun a *new revolutionary history*, that by itself would have proved their viability. From that moment the revolution would have had an interest in their liberation, and the special interest of the Germans and the Magyars would have given way to the greater interest of the European revolution."¹²

The reason is obvious. They, on the basis of their concrete analysis of the development of national movements, could see that "however much the individual bourgeois fights against the others, as a *class* the bourgeois have a common interest, which is directed against the proletariat inside the country, ... (and) ... against the bourgeois of other nations outside the country. This the bourgeois calls his

nationality."¹³

In each of the concrete cases cited above, they demonstrate how that particular "national" sentiment is, in fact, against the genuine interests and progress of the people concerned and benefits other forces. With regard to the anti-French petty-bourgeois nationalism of the Germans, they note, how it "railed against Napoleon for compelling them to drink chicory and for disturbing their peaces with billeting and recruiting of conscripts; reserved all their moral indignation for Napoleon and all their admiration for England; yet Napoleon rendered the greatest services by cleaning out Germany's Augean stables and establishing civilised means of communication, whereas the English only waited for the opportunity to exploit them *a tort et a travers* (at random, recklessly)."¹⁴

As for the Swiss shepherds, "they escaped the domination of the Austrian nobility only to come under the yoke of the petty bourgeois of Zurich, Lucerne, Berne and Basel.... (who) agreed to join the Swiss confederation and stayed peacefully at home behind their counters while the thick headed Alpine shepherds fought out all their battles with the nobility and princes for them."¹⁵

In the case of the Southern Slavs, too, they note how they were dependent on the Germans, Italians and "if they were to establish independent states, not they, but the German and Italian bourgeoisie of their towns would rule these states..."¹⁶ Thus, for all their "national" sentiment, these struggles really served interests other than those of the people who had taken them up. And it is only the concrete grasp of Marxism that revealed the actual interests behind the mask of such "national" movements.

On the other hand, they firmly supported national sentiments where they broke the bounds of pre-capitalist isolation, and the liberation of oppressed nationalities which would doubtless also be reflected in weakening the oppressing and exploiting classes at home. In fact, they brought to light the link between the struggle for democracy at home with the struggle for national liberation. It was no abstraction but their experience of struggle that brought this aspect to the fore. And we have as evidence the terse phrase of the resolution of the Democratic Society of Cologne protesting against the incorporation of Posen into Germany. "Germany, which is engaged in a struggle for freedom, does not desire to oppress other nationalities but to promote their efforts for freedom and independence."¹⁷ Even so, Engels expresses his reservations about unquestioned support to the Polish nationalists, when he states unequivocally: "Fortunately in the *Neue Rheinische Zeitung*, we assumed no positive obligations towards the Poles, save the unavoidable one of restoration combined with a *SUITABLE* frontier—and even that only on the condition of there being an agrarian revolution."¹⁸

The Marxist approach sees in nationalism a necessary development at a definite stage of man's historical progress and as such it can develop

its dynamic capacities in the interest of the proletarian revolution. Engels, writing on the Swiss Civil War, states this outlook clearly as follows: "Through its industry, its commerce and its political institutions the bourgeoisie is already working everywhere to drag the small, self-contained localities which only live for themselves out of their isolation, to bring them into contact with one another, to merge their interests, to expand their local horizons, to destroy their local habits, strivings and ways of thinking, and to build up a great nation with common interests, customs and ideas out of the many hitherto mutually independent localities and provinces. The bourgeoisie is already carrying out considerable centralisation. The proletariat, far from suffering any disadvantage from this, will as a result rather be in a position to unite, to feel itself a class, to acquire a proper political point of view within the democracy, and finally to conquer the bourgeoisie."¹⁹

The essence of the Marxist approach to the national question is to build on it—as the necessary given reality—the unity of the working class. That is why in the International Communist Congress of 1847, the abstract slogan "All men are brethren" was replaced by the concrete one, "Working Men of All Countries Unite!"²⁰ Whenever, as in the case of the Southern Slavs, the two come into conflict, Marxism is absolutely clear: "Among the Pan-Slavists, nationality, i.e., the imaginary common Slav nationality, *takes precedence over the revolution*. The Pan-Slavists want to join the revolution on condition that they will be allowed to constitute all Slavs, without exception, regardless of material necessities, into independent Slav states. But the revolution does not allow of any conditions being imposed on it. Either one is a revolutionary and one accepts the consequences of the revolution whatever they are, or one is driven into the arms of the counter-revolution. ..."²¹ The world-wide proletarian revolution as the main social transformation of our age is non-negotiable. For example, Marx states: "For the peoples to be able to unite they must have common interests. And in order that their interest may become common, the existing property relations must be done away with, for these property relations involve the exploitation of some nations by others; the working class alone wants to see the existing relations abolished. It alone is capable of bringing this about. And so the victory of the proletariat over the bourgeoisie is at the same time the signal of liberation for all oppressed nations."²²

Marx and Engels had noted also that the exploiting classes themselves had begun to note this development and had begun to float all sorts of movements of illusory non-class unity which they were constantly at pains to expose. At the Festival of Nations held in London in 1845, Engels stated: "The fraternization between nations has today, more than ever, a purely social significance. The fantasies about a European Republic, perpetual peace under political organisation, have become just as ridiculous as the phrases about uniting the nations under the aegis of universal free trade, and while all such chimerical sentimentalities

become completely irrelevant, the proletarians of all nations, without too much ceremony, are already really beginning to fraternize under the banner of communist democracy. And the proletarians are the only ones who are really able to do this; for the bourgeoisie in each country has its own special interests, and since these interests are the most important to it, it can never transcend nationality. ...Only the proletarians can destroy nationality, only the awakening proletariat can bring about fraternization between the different nations."²³

The guiding principle of this process was to be democratic, and Engels states clearly: "Democracy has become the proletarian principle; the principle of the masses. The masses may be more or less clear about this, the only correct meaning of democracy, but all have at least an obscure feeling that social equality of rights is implicit in democracy...and if the proletarian parties of different nations unite they will be quite right to inscribe the word 'Democracy' on their banners."²⁴

How this principle applies to the merging of nationalities was further elaborated by Engels in the "Draft of a Communist Confession of Faith" of 1847, where he answers the question, "Will nationalities continue to exist under Communism?" as follows: "The nationalities of the peoples who join together according to the principle of community will be just as much compelled by this union to merge with one another and thereby supersede themselves as various differences between estates and classes disappear through the superseding of their basis—private property."²⁵

Moreover, it is to the credit of the founders of Marxism-Leninism that they could see the necessity and possibility of national liberation movements so very early on in the age of imperialism, and there is a letter of Engels to Kautsky, dated September 12, 1882, which states: "In my opinion the colonies proper...will all become independent; on the other hand, the countries inhabited by a native population, which are simply subjugated...must be taken over for the time being by the proletariat and led as rapidly as possible towards independence. ...India will perhaps, indeed very probably, make a revolution, and as a proletariat in process of emancipation cannot conduct any colonial wars, it would have to be allowed to run its own course: ..."²⁶

Lenin on the National Question

This, in essence, is the Marxist position on the national question. V I Lenin has summed it up succinctly: "The principle of nationality is historically inevitable in bourgeois society and, taking society into due account, the Marxist fully recognizes the historical legitimacy of national movements. But to prevent this recognition from becoming an apologia of nationalism, it must be strictly limited to what is progressive in such movements, in order that this recognition may not lead to bourgeois ideology obscuring proletarian consciousness.

"The awakening of the masses from feudal lethargy, and their

struggle against all national oppression, for the sovereignty of the people, of the nation, are progressive. Hence, it is the Marxist's *bounden* duty to stand for the most resolute and consistent democratism on all aspects of the national question. This task is largely a negative one. But this is the limit the proletariat can go to in supporting nationalism, for beyond that begins the 'positive' activity of the *bourgeoisie* striving to fortify nationalism.

"To throw off the feudal yoke, all national oppression, and all privileges enjoyed by any particular nation or language, is the imperative duty of the proletariat as a democratic force, and is certainly in the interests of the proletarian class struggle, which is obscured and retarded by bickering on the National Question. But to go *beyond* these strictly limited and definite limits in helping bourgeois nationalism means betraying the proletariat and siding with the bourgeoisie. ...

"Combat all national oppression? Yes, of course! Fight for any kind of national development, for 'national culture' in general? Of course not. The economic development of capitalist society presents us with examples of immature national movements all over the world, examples of the formation of big nations out of a number of small ones, or to the detriment of some of the small ones, and also examples of the assimilation of nations. The development of nationality in general is the principle of bourgeois nationalism; hence the exclusiveness of bourgeois nationalism, hence the endless national bickering. The proletariat, however, far from undertaking to uphold the national development of every nation, on the contrary warns the masses against such illusions; stands for the fullest freedom of capitalist intercourse and welcomes every kind of assimilation of nations, except that which is founded on force as privilege.

"Consolidating nationalism within a certain 'justly' delimited sphere, 'constitutionalising' nationalism and requiring the separation of all nations from one another by means of a special state institution—such is the ideological foundation of cultural-national autonomy. This idea is thoroughly bourgeois and thoroughly false. The proletariat cannot support and consecration of nationalism; on the contrary, it supports everything that helps to obliterate national distinctions and to remove national barriers; it supports everything that makes ties between nationalities closer and closer, or tends to merge nations. To act differently means siding with reactionary nationalist philistinism."²⁷

The Marxist stand both on the disintegration of large states and on centralisation is clear. Here too, Lenin follows the tenets of the Marxist tradition outlined by its founders. He points out: "Capitalism's broad and rapid development of the productive forces *calls for* large, politically compact and united territories, since only here can the bourgeois class—together with its inevitable antipode, the proletarian class—unite and sweep away all the old, medieval, caste, parochial, petty-national, religious and other barriers.

"... But while, and in so far as, different nations constitute a single state, Marxists will never, under any circumstances, advocate either the federal principle or decentralisation. The great centralised state is a tremendous historical step forward from medieval disunity to the future socialist unity of the whole world, and only *via* such a state (*inseparably* connected with capitalism) can there be any road to socialism.

"It would, however, be inexcusable to forget that in advocating centralism, we advocate 'exclusively *democratic* centralism'²⁸—a concept including both local self-government and autonomy for regions with special socio-economic conditions. At the same time, he calls for the study of the question within definite historical limits and with due regard to the specificity of the question in each state.

The general context, however, is sketched out as follows: "First of all, ... a clear distinction must be drawn between the two periods of capitalism, which differ radically from each other as far as the national movement is concerned. On the one hand, there is the period of the collapse of feudalism and absolutism, the period of the formation of the bourgeois-democratic society and state, when the national movements for the first time become mass movements and in one way or another draw *all* classes of the population into politics through the press, participation in representative institutions etc. On the other hand, there is the period of fully formed capitalist states with a long established constitutional regime and a highly developed antagonism between the proletariat and the bourgeoisie—a period that may be called the eve of capitalism's downfall."²⁹

The change is an important one for it involves an important shift in the participation of the masses, and Lenin notes: "The typical features of the first period are: the awakening of national movements and the drawing of the peasants, the most numerous and the most sluggish section of the population, into these movements, in connection with the struggle for political liberty in general, and for the rights of the nation in particular. Typical features of the second period are: the absence of mass bourgeois-democratic movements and the fact that developed capitalism, in bringing closer together nations that have already been fully drawn into commercial intercourse, and causing them to intermingle to an increasing degree, brings the antagonism between internationally united capital and the international working-class movement to the forefront."³⁰

In such a phase of development then, it becomes necessary to distinguish the broad-based, essentially unifying movements of ex-colonial countries waged against their imperialist masters from the various fragmentary and disintegrative manifestations of bourgeois nationalism or the national consciousness of the peasantry, gentry and other pre-capitalist classes egged on by imperialist designs of 'divide and rule'. While Lenin gives short shrift to the latter, in the case of the former he is prepared to give the support to the widest section possible against imperialism. At

the Fourth Congress of the Communist International that was held between November 5 and December 5, 1922, the Theses on the Eastern Question, corrected by him and placed by M N Roy, read: "While in the West, amid the conditions of the transition period which is a period of organised accumulation of strength, the watchword for the united labour front was put forward, in the colonial East, it is at present necessary to put forward the watchword of the anti-imperialist front."³¹ The distinction between the two kinds of 'national upsurge' is clear in the statement that "the Communist International supports all national revolutionary movements against imperialism. At the same time it does not lose sight of the fact that only a consistent revolutionary line of policy based on the active support of the masses, and the unreserved break with all advocates of compromise with imperialism in the interests of maintaining class domination, can lead the oppressed masses to victory. The connection between the native bourgeoisie and the feudal reactionary elements enables the imperialists to make full use of feudal anarchy, the rivalry between various leaders and tribes, the antagonism between town and country, the struggle between the castes and the national religious sects etc, for the purposes of disorganising the popular movement."³² And the popular movement too, has a class content—a content that reminds one of Engels's conditions for support to the Polish nationalists cited above: "Only the agrarian revolution aiming at the expropriation of the large landowners can rouse the vast peasant masses destined to have a decisive influence in the struggles against imperialism."³³

Thus, we can see how creative applications of the principles of Marxism-Leninism, while taking into account the changing realities, based themselves on three fundamental contradictions that confronted any national movement during the period of history from the mid-nineteenth century to today: the contradiction between capital and labour, the contradiction between feudal and semi-feudal landlordism and the great mass of the peasantry, the contradiction between imperialism in general and the national liberation movement.³⁴ It is this fundamental common ground that represents the essence of the Marxist understanding of the national question. The attitude to any national movement is determined by how it relates to the resolution of these contradictions.

Marx and Engels, in the period of bourgeois democratic national upsurges, stress the rôle of the national movements in aiding the climate in which the proletariat can better organise itself by making use of the greater possibilities opened to it by bourgeois democracy as compared with feudal absolutism. Lenin, in the age of imperialism, stresses the capacity of national liberation movements to weaken the world-wide empires that had crystallised by the end of the nineteenth century—but again, it is the angle of the mass participation in the national movement, the aspect of agrarian revolution and the extension of democratic rights

that he stresses. Both consistently opposed "national" upsurges based on concrete developments but engineered either to divert the mass of people from fighting for their genuine class interests in the name of nationalism or as a part of the imperialist game of 'divide and rule'. A number of disintegrative struggles, like the partition of India in 1947 on the basis of the Two Nation theory, the Katangan and Biafran revolts in Africa, the Cyprus crisis and the Khalistan, Hindu Rashtra and Assamese secessionist upsurges reflect how powerful these trends are still and require the most detailed study by Marxists to see their impact on the class struggle today.

Thus, running like a red thread from the writings of Marx and Engels through to the documents of the Communist International and its historic Theses of 1922, one thing is clear: Class struggle, and especially revolutionary class struggle that will result in creating a shift in the correlation of class forces in favour of the proletariat, is never subordinated to other interests. That is the essence of the Marxist outlook on the national question.

This is clearly stated in no uncertain terms in the review of the Congress as follows: "The refusal of Communists in the colonies to take part in the struggle against imperialist tyranny, on the ground of ostensible 'defence' of their independent class interests is opportunism of the worst kind, which can only discredit the proletarian revolution in the East. Equally injurious is the attempt to remain aloof from the struggle for the most urgent and everyday interests of the working class in the name of 'national unity', of 'civil peace' with bourgeois democrats."³⁵ This is the outlook that was evolved after the Great October Socialist Revolution and tested in the era that saw the liquidation of the great world empires and the setting up of the Socialist camp. It was a living principle based on uncompromising class struggle. And so it is today.

(Paper presented at the Marx Centenary Seminar held at the Indian Institute of Regional Development Studies, Kottayam, December 17-20, 1983)

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- 2 J V Stalin, "The Social Democratic Deviation in Our Party", in *On the Opposition*, Peking, 1975, pp 397-398.
- 3 Karl Marx "Thesis on Feuerbach", in Marx, Engels, *Collected Works*, Vol V, p 8.
- 4 Marx and Engels, "German Ideology" in *Collected Works*, Vol V, p 64.
- 5 *Ibid*, p 89.
- 6 *Ibid*, p 90.
- 7 Engels, "On Ernst Moritz Arndt", in *Collected Works*, Vol II, p 149.
- 8 Engels, "The Civil War in Switzerland", in *Collected Works*, Vol VI, p 368.
- 9 Marx, "Democratic Pan Slavism", in *Collected Works*, Vol VIII, p 364.
- 10 Engels, *op cit*, *Collected Works*, Vol II, p 145.
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- 12 Marx, *op cit*, *Collected Works*, Vol VIII, p 371.

- 13 Marx and Engels, "Critique of Friedrich List's 'National System of Political Economy'", in *Collected Works*, Vol IV, p 281.
- 14 Marx and Engels, *Collected Works*, Vol V, pp 195-196.
- 15 Engels, *Collected Works*, Vol VI, p 368-369.
- 16 Marx, *op cit*, *Collected Works*, Vol VIII, p 371.
- 17 Engels, *Collected Works*, Vol VII, p 564.
- 18 Engels, "On Polish Nationalism", Letter to Marx, May 23, 1851, in *Collected Works*, Vol XXXI, p 364. Emphasis added.
- 19 Engels, *Collected Works*, Vol VI, p 372.
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- 21 Marx, *op cit*, *Collected Works*, Vol VIII, p 377.
- 22 Marx, "Speech on Poland", in *Collected Works*, Vol VI, p 388.
- 23 Engels, "The Festival of Nations", in *Collected Works*, Vol VI, p 6.
- 24 Engels, *op cit*, in *Collected Works*, Vol VI, p 5.
- 25 Engels, *Collected Works*, Vol VI, p 103.
- 26 Engels, Letter to K Kautsky (September 12, 1882), in *The First Indian War of Independence, 1857-1859*, 1978, p 342.
- 27 Lenin, "Critical Remarks on the National Question", in *Collected Works*, Vol XX, pp 34-36.
- 28 *Ibid*, pp 45-46.
- 29 Lenin, "The Right of Nations to Self-Determination", in *Collected Works*, Vol XX, p 401.
- 30 *Ibid*.
- 31 G Adhikari, *Documents of the History of the CPI*, Vol I (1917-1922), 1971, p 554. (Thesis VI)
- 32 *Ibid*, pp 548-549 (Thesis II).
- 33 *Ibid*, p 550 (Thesis III).
- 34 For its application in the Indian context, see *An Explanatory Note to the Draft Alternative Political Resolution and Note on the Party Programme as Ammended by the Central Committee in Forum 5* (December 1955) by P Sundarayya, M Basavapunnaiiah, N Prasada Rao, M Hanumantha Rao, H S Surjeet, Sohan Singh Josh, pp 29-32.
- 35 Adhikari, *op cit*, p 534.

*Monopoly Capitalism in a Dependent Economy:
The Indian Case*

KARL MARX, in one of his early writings, defines capital as "the governing power over labour and his products. The capitalist possesses this power, not on account of his personal or human qualities, but in as much as he is the owner of capital. His power is the purchasing power of capital. ..." ¹ Marx also points out: "Every individual capital is a larger or smaller concentration of means of production, with a corresponding command over a larger or smaller labour army...with the increasing mass of wealth which functions as capital, accumulation increases the concentration of that wealth in the hands of individual capitalists. The growth of social capital is effected by the growth of many individual capitals. All other circumstances remaining the same, individual capitals, and with them the concentration of the means of production increase in such proportion as they form aliquot parts of the total social capital." ² In other words, concentration of capital is dependent upon the extent of capital accumulation in an economy. For example, concentration of capital would generally be higher in the Japanese economy than in, say, the Indian economy because of the higher overall capital accumulation in the former. Thus concentration simply means here growth in the size of productive units which will normally increase with economic growth.

According to Marx, "Two points characterise this kind of concentration which grows directly out of, or rather is identical with, accumulation. First, the increasing concentration of the social means of production in the hands of individual capitalists is, other things remaining equal, limited by the degree of increase in social wealth. Second: the part of social capital domiciled in each particular sphere of production is divided among many capitalists who face one another as independent commodity producers competing with each other... Besides other causes, the division of property among capitalist families plays a great part in this." ³

Marx then goes on to make a distinction between concentration and centralisation of capital. Centralisation of capital, which really refers to the distribution of the means of production in an economy, is,

*Department of Economics, North Bengal University, West Bengal

according to Marx, "also an outcome of the action of the immanent laws of capitalist production itself".⁴ But contrary to the process of concentration, centralisation is independent of economic growth. Centralisation may take place along with growth in the capitalist economies but it is not a function of such growth.

A failure to grasp this basic point has given rise to much uninformed talk about the absurdity of the existence of monopoly capitalism in a poor capitalist country. In Marx's own words, centralisation "does not mean simple concentration of means of production and command over labour."

"It is concentration of capitals already formed, destruction of their individual independence, expropriation of capitalists by capitalists, transformation of many small into few large capitals. This process differs from the former in this, that it only presupposes a change in the distribution of capital already to hand and functioning; its field of action is therefore not limited by the absolute growth of social wealth, by the absolute limits of accumulation. Capital grows in one place to a huge mass in a single hand, because it has in another place been lost by many. This is centralisation proper as distinct from accumulation and concentration."⁵

Engels's Elaboration

Marx wrote in Volume I of *Capital*: "The laws of this centralisation of capital, or the attraction of capital by capital cannot be developed here."⁶ In the fourth German edition of Volume I of *Capital*, Engels made a number of changes in and additions to the text. Among these additions we find an elaboration of Marx's analysis of the process of centralisation of capital along with comments on the consequences of centralisation. The two most powerful factors in centralisation, pointed out by Engels, are Competition and Credit.⁷ On the contributions of the gradually developing credit system to the process of centralisation of capital, Engels says: "In its first stages the credit system furtively creeps in as the humble assistant of accumulation, drawing into the hands of individuals or associated capitalists, by unseen threads, the resources of many which lie scattered, in larger or smaller amounts, over the surface of society; but it quickly becomes a new and terrible weapon in the competitive struggle and is finally transformed into a gigantic social mechanism for the centralisation of capital."⁸

The economic effects of centralisation, whether achieved through the violent method of annexation or through the smoother method of joint-stock company formation by "fusing together a number of capitals already formed or in the process of being formed" are, according to Engels, to enable the industrial capitalists to extend the scale of their operations. Says Engels: "But accumulation, the gradual increase of capital by reproduction as it passes from the circular to the spiral form (simple reproduction to expanded reproduction—A C) is clearly a very

slow method compared with centralisation, which has only to change the quantitative groupings of the component parts of social capital. The world would still be without railways if it had had to wait until the accumulation of a few individual capitals had got far enough to be adequate for the construction of a railway. Centralisation, on the other hand, accomplished this in the twinkling of an eye by means of joint stock companies."⁹

Although he did not develop in *Capital* the laws of the centralisation of capital, in a classic passage in Volume I Marx did indicate clearly that the central tendency of the process of capitalist development was to bring about centralisation of capital along with technical development and socialisation of labour that ultimately unite the workers and organise them against the capitalist system itself. We quote below the passage:

...as soon as the capitalist mode of production stands on its own feet, then the further socialisation of labour and further transformation of the land and other means of production into socially exploited and, therefore, common means of production, as well as further expropriation of private proprietors, take a new form. That which is now to be expropriated is no longer the labourer working for himself but the capitalist exploiting many labourers. The expropriation is accomplished by the action of the immanent laws of capitalist production itself, by the centralisation of capital. One capitalist always kills many. Hand in hand with this centralisation, or the expropriation of many capitalists by few, develop, on an ever extending scale, the cooperative form of labour process, the conscious technical application of science, the methodical cultivation of soil, the transformation of instruments of labour into instruments of labour only usable in common, the economising of all means of production by their use as the means of production of combined, socialised labour, *the entanglement of all peoples in the net of world market, and with this, the international character of capitalist regime. Along with the constantly diminishing number of the magnates of capital, who usurp and monopolise all advantages of this process of transformation, grows the mass of misery, oppression, slavery, degradation, exploitation; but with this too grows the revolt of the working class, a class always increasing in numbers and disciplined, united, organised by the very mechanism of capitalist production itself.*¹⁰

Lenin on Monopoly Capitalism

Following the hints left by Marx in the passage quoted above, Lenin developed a full-fledged theory of monopoly capitalism. By the end of the nineteenth century capitalism in the Western countries had definitely entered the monopoly stage. Engels wrote in the fourth German edition of Volume I of *Capital*, published in 1890: "In a given branch of industry centralisation would reach its extreme limit when all

the individual capitals invested in it were fused into a single capital."¹¹ In a footnote to this sentence Engels added, "The latest English and American 'trusts' are already striving for this goal by attempting to unite at least all the large scale concerns in one branch of industry into one great joint-stock company with a practical monopoly."¹²

Lenin wrote in 1917: "On the threshold of the twentieth century we see the formation of a new type of monopoly. Firstly, monopolist association of capitalists in all capitalistically developed countries; secondly, the monopolist position of a few very rich countries, in which accumulation of capital has reached gigantic proportions. An enormous 'surplus of capital' has arisen in the advanced countries."¹³

Since the early twentieth century the working of the 'immanent laws of capitalist production' in European economies was manifested in the following developments: (a) steady "displacement of capitalist competition by capitalist monopoly", (b) creation of large-scale industry and forcing out of small-scale industry, (c) growth in the size of large-scale industries and (d) the rise of cartels, syndicates and trusts and merger with them of the "capital of a dozen or so banks which manipulate thousands of millions".¹⁴ Thus began the phase of monopoly capital when "monopoly power is extended to embrace all basic means of production through financial, commercial and organisational means".¹⁵ Although variously described as 'finance capitalism', 'imperialism', 'neo-capitalism', 'late capitalism' etc, this new development of capitalism has come to be described by Marxists as monopoly capitalism, following Lenin's classic definition: "in its economic essence imperialism is monopoly capitalism".¹⁶

According to Lenin, the following are the basic features of imperialism: (1) the concentration of production and capital has developed to such a high stage that it has created monopolies which play a decisive role in economic life; (2) the merging of bank capital with industrial capital and the creation on the basis of this "finance capital", of a financial oligarchy; (3) the export of capital as distinguished from the export of commodities acquires exceptional importance; (4) the formation of international monopolist capitalist associations which share the world among themselves and (5) the territorial division of the whole world among the biggest capitalist powers is completed.¹⁷

In what follows we have attempted to use the above model of monopoly capitalism constructed by Marx, Engels and Lenin to explain the course of capitalist development in India.

Concentration and Centralisation in Third World Economies

The problem of monopoly capitalism in India should be viewed in its right perspective—the fact of the dominance of a few large business groups and/or families in each case over the economies of almost all the poor capitalist countries in the Third World. These

dominant groups are the seventyfive or hundred larger business houses of India, "the twentytwo or fortythree families" of Pakistan, or the Joebuls of South Korea, to name a few. The big business groups closely resemble each other in their origin and in the economic, social and political power exercised by them. The consequences of such power for their respective economies are also similar. As has been observed by a researcher in the field, "... the social and economic problems created by successful entrepreneurship—monopoly profits and widening disparities—appear to be general to the LDC's and are not limited to the particular case of import substitution pattern of development."¹⁸

The "successful entrepreneurship" in these countries is usually confined to a number of "groups"¹⁹ organised along family, caste or ethnic lines. The groups operate under common entrepreneurial and financial control. They own and/or control a multiplicity of firms transacting in different, often technically unrelated markets. Two essential features of this pattern of industrial management are : first, the groups draw their capital and managers from a number of business families. The main distinguishing feature of this institution is that the owner-managers from other families also participate. The participants are bound together by a bond of inter-personal trust based on a similar personal, ethnic or communal background.²⁰ One may refer here to the traditional business communities dominating the Indian economy. Secondly, the groups have interest, like the Zaibatsu of pre-Second World War Japan, in several product markets rather than a single product line. These markets may range from consumer durables to chemicals, confectionery to steel rolling. In some cases these activities have been chosen on the basis of backward or forward integration. "In other cases, new investments have been made in product markets which are unrelated but in activities where the group's technical and managerial capabilities are applicable as inputs."²¹ As regards diversification, data for 37 of the largest Indian domestically owned groups show an average of five activities per group. Excluding the two largest groups (Tata and Birla), the average was still four activities per group.²²

Most of these groups exercise considerable market power. The market power of these groups originates in (a) the small domestic market of the less developed countries resulting from low per capita incomes and a highly skewed distribution of income; (b) the conjunction of small market size and the cost advantages accruing to first entrants in individual activities; (c) the benefits from government incentives to promote industrialisation; (d) joint ventures with foreign firms or by international licensing arrangements; and lastly, (e) the diversity of their interests. The groups' pattern of production in diverse, vertically integrated activities also enables them to avoid a potential offset to their market power in the form of countervailing power of any sort. On the contrary, such market power tends to get intensified to embrace the

modern industrial sector as a whole as capitalist development progresses in these countries.

The groups raise their capital far beyond the limit of an individual family's own possession. Many of the groups have their own banks and insurance companies through which they draw upon the savings of the community as a whole for their investment projects. "These groups have displayed considerable entrepreneurial capacity in investing and producing in many of the new activities which comprise the 'modern' sector in the less developed countries. Because of their size and widely diversified activities, the groups, rather than the family-firms or firms specialising in a single product line constitute the dominant form of private, domestically-owned capitalism in these countries."²³

Growth of Indian Monopoly Houses

The pioneering work in identifying and analysing the activities of Indian monopoly houses done by R K Hazari²⁴ will remain for a long time the starting point of the researcher in this area. Hazari revealed for the first time the pattern of control exercised by the big business groups over the corporate private sector in India. Hazari identified 20 large business groups and estimated the extent of their control over the private corporate sector during the period 1951-1958. The Committee on the Distribution of Income and Levels of Living (Mahalanobis Committee)²⁵ used a concept of big business that was based on Hazari's 20 business houses. The Monopolies Inquiry Commission (MIC)²⁶ collected data on the nature and extent of concentration of economic power in Indian economy for the year 1964. The MIC also gave a list of 75 big business houses along with their total paid-up capital and also the names and assets of the companies comprising the business houses. The Industrial Licensing Policy Inquiry Committee (ILPIC)²⁷ also collected facts in the same area, although its main purpose was to examine the industrial licensing policy of the Government of India vis-a-vis the concentration of economic power and the growth of monopoly houses. The data collected by the ILPIC pertains to the year 1966.

All the estimates of the growth of Indian monopoly houses mentioned above use figures of both the total paid-up capital and total assets to measure their size and economic power. But of the two aggregates, the concept of total assets gets closer to the economic power and control concept. These assets yield a substantial income for the monopoly houses with important distributional and larger political implications. Hence throughout this study, figures of changes in total assets have been used to illustrate changes in the economic power of the monopoly houses.

Table I, adapted from a table prepared by N K Chandra on the basis of data taken from the above mentioned sources, gives a synoptic

view of changes in the concentration of economic power in the Indian economy during the period 1951-1971.

TABLE I
GROWTH OF MONOPOLY HOUSES IN INDIA — CHANGES IN TOTAL ASSETS,
1951-1971 (Rs in crores)

	December 1951	December 1958	March 1959	March 1964	December 1966	March 1971
Total assets of private corporate sector	1872.7	4022.8	4022.8	6897.7	8838.1	10405.7
1 Total assets of Hazari's 20 groups	401.7 (21.45)	1027.0 (25.53)	N A	1559.7 (22.61)	2069.6 (23.42)	N A
2 Total assets of Hazari's 11 groups 1951-71	338.0 (18.05)	849.2 (21.11)	N A	1326.8 (19.24)	1746.0 (19.76)	2529.0 (24.37)
3 Total assets of 20 groups MIC-ILPIC 1959-71	N A	N A	N A	1780.8 (25.82)	2310.6 (26.14)	3414.0 (32.90)
4 Total assets of 75 groups MIC-ILPIC 1959-66	N A	N A	N A	2606.0 (37.78)	3158.1 (35.73)	N A

SOURCE: Adapted from Table A 1 of N K Chandra's paper, "Monopolies and Industrial Licensing Policy; Part A: Growth of Monopoly Houses" (Mimeo).

NOTE: Figures in brackets indicate percentage of total assets of private corporate sector.

An official estimate (published in *Company News and Notes*, November 1978) of the total assets, turnover and profits before tax of 427 undertakings that have been identified as belonging to the 20 largest business houses and registered with the Monopolies and Restrictive Trade Practices Commission till June 30, 1978, under Section 26 of the MRTP Act, 1969, shows that the total assets and turnover of the 20 largest business houses have grown steadily since 1972. The highest rate of growth in assets in 1976 over 1972 has been that of Mahindra and Mahindra at 115.5 per cent, followed by T V S Iyenger, 107.5 per cent and J K, 98.6 per cent.

In this country the issue of concentration of economic power has emerged from the inequality of wealth and income in the economy as a whole rather than concentration within specific industries. Under the conditions of the Indian economy whatever control the big business groups exercise over the nation's aggregate capital or income and employment is sufficient, as the Mahalanobis Committee observed, to "set them so much higher than any other individual or group in the relevant context that it gives them a disproportionately large influence and enables them to *exercise economic power not measurable by mere ratios of concentration*".²⁸

Much light has recently been thrown on the extent of centralisation of capital in the Indian economy by a piece of research work by

V K Singhanian. The significance of inter-corporate investment as a tool for centralising control over the private corporate sector in the hands of a few big business houses has been assessed by Singhanian by a sample study of 700 private and public limited companies in which 22 selected houses had an interest of one kind or another in three selected years, viz, 1961-62, 1967-68 and 1972-73. More than 10 of these houses are among the largest business houses in India and the remaining are fairly representative of medium and small houses. The distribution of these selected companies by industries also indicates a fairly satisfactory cross-section of the private corporate sector in India. These 700 companies, on an average, accounted for more than a quarter of the share capital of all non-government companies at work in each of the three selected years.

To ascertain the control of a business company by a business house or group it has been assumed that such control is exercised if the latter holds more than one-third of the equity capital in the former. If in a concern above one-third of equity capital is held by another company or companies belonging to the same business group, that concern is treated as one controlled by intercorporate investment.

The above study clearly established that the significance of inter-corporate investments for the purpose of controlling companies has been steadily increasing in India. For example, in 1961-62, 25.08 per cent of the companies in terms of paid-up capital, 25.10 per cent in terms of net-worth and 25.06 per cent in terms of gross capital employed were controlled through intercorporate investment. In 1972-73 these proportions went up to 38.74 per cent, 39.34 per cent and 38.40 per cent respectively. Intercorporate investment controlled more companies in 1972-73 than in 1961-62 in all industrial heads important for national development except basic industrial chemicals, fertilisers, other chemicals and cement. In 1972-73, more than 40 per cent of these companies were controlled through intercorporate investment. That the purpose of making such investments by the large business houses is mainly to bring as large an area of the corporate sector under their control and direction is established by the following important findings of Singhanian's study: (a) diversion of borrowed funds by all the selected houses (except Rallies) for the purpose of investing in securities of these companies; (b) the share of industrial companies in total intercorporate investments in 1972-73 in all industries regarded as important for industrial development of the country was higher (53.34 per cent) than that of purely financial and servicing companies (46.66 per cent); and (c) "In all the three years industrial companies made significant (but fractional in the aggregate) investments in unrelated industries. Cases of investments from industrial companies to finance investment companies were also not rare."²⁹

Although the above findings of individuals, committees and commissions are the only available evidence to prove the high concentration

of economic power in the hands of a few monopoly houses in India, these are not enough for an appreciation of the extent of the real dominance of the monopoly houses over the Indian economy.

One basic limitation of the data presented above is that all the different committees and commissions selected for their study only those business groups which had total assets of Rs 5 crores and more. This they obviously did to keep the volume of their work within manageable proportions. These groups later came to be known as big business groups or monopoly houses. It was thus implied that business groups having total assets of even a little less than Rs 5 crores were somehow independent of the influence of the monopoly houses. Thus there has been an implicit three-fold categorisation of Indian private business: the big business houses having total assets of Rs 5 crores and more; small business, described as units falling within the administrative jurisdiction of the Commissioner for Small-Scale Industries and medium business or non-monopoly business which falls between these two categories. Such a categorisation is somewhat arbitrary and misleading. This is because none of the commissions could produce any evidence that enterprises belonging to the 'middle business' category are all owned and controlled by independent capitalists having no links with the monopoly houses. Further, the commissions were not able to enumerate completely the enterprises within the groups they considered. Nor were they able to identify all the groups in their chosen size range. The extent of monopoly control over the private corporate sector has thus been seriously underestimated; as a matter of fact, one may not be far wrong if one were to take the position taken by one researcher that "the entire corporate sector represents the sphere of operation of Big Business".³⁰

Weak Transformation Potential

One important point to be noted here is that Marx and Engels formulated the laws of concentration and centralisation of capital on the basis of their studies of the capitalist development in Britain. Lenin also built up his model of monopoly capitalism in the context of the development of monopoly capitalism in Europe of the late nineteenth century. None of these thinkers lived to study the emerging course of capitalist development in the dependent economies of the ex-colonies. Hence, it is obvious that a mechanical application of the Marxist-Leninist model of monopoly capitalism will not make sense of what is happening in these countries. Nevertheless, it is true to say that despite the important difference in history, geography and institutions between the Western and the Third World countries the basic laws formulated by Marx, Engels and Lenin regarding the fundamental propensity for development of the capitalist mode of production to create centralisation of capital and monopoly capitalism are verified by the experience of the ex-colonies.

Perhaps the most important fact about capitalist development in India and all other ex-colonies in the Third World is that it was not autonomous. This simply means that such development did not begin in these countries at their own initiative and out of the contributions of their social and institutional factors. This was forced on them by their colonial rulers from Western Europe, "the cradle of capitalism". As A K Bagchi has remarked, "...once contact has taken place with a society which was further along on the capitalist path, the lagging societies could not possibly develop in an autonomous fashion."³¹ This important historical fact accounts for certain congenital features common to the capitalist system that eventually emerged in the countries of the Third World. Although India was unique among the colonies in one respect, namely that monopoly capitalism here could grow even under the colonial regime, Indian capitalism shares many characteristics with the capitalist system of the Third World countries.

In all the countries of the Third World, "Capitalists fail (a) to develop production techniques for their internal needs either in industry or agriculture, (b) to transform production relations in agriculture so as to get rid of the precapitalist types of bondage and usury; and (c) to use the state apparatus to effectively counter the power of the foreign capitalist classes and their home governments. Hence they cannot determine their own course except within very narrow limits."³²

The dependence of Indian capitalists on foreign technology is also conditioned by the erstwhile colonial linkage. To cite an example, even today, India is having the largest number of collaboration agreements with British capitalists and she imports most of the required technology from Britain even though Britain has long ceased to be the leader in the field of technological development. The failure of the Indian monopoly capitalists to develop the required advance technology at home and also to destroy the semi-feudal production relations in the vast countryside unmistakably points toward the very weak transformation potential of Indian capitalism. On the other hand, with the strengthening of monopoly capitalism in India, the rural-urban gap has also widened. The higher profitability of investments in speculation, trading and usury than in industrial production is also a pointer to this weak transformation potential. No doubt, since the end of colonial rule, under the Five Year Plans of economic development, some sort of an 'import-substituting industrialisation' has taken place in India. But if we view industrialisation as "a system of economic development in which the major part of the national resources are used to develop a technically up-to-date, diversified national industry capable of assuring a high rate of growth for the economy as a whole and of overcoming economic and social backwardness",³³ one cannot help commenting that what has taken place in India in all these years is a "pseudo-industrialisation", the Five Year Plans notwithstanding. What is missing in this type of industrial development is the potential for accelerating

the economic growth rates and changing the out-dated social system.

Another aspect of this 'pseudo-industrialisation' is the very high level of development in some consumer goods industries, even with imported technology and inputs, that mainly cater to the higher income groups. Many such industries have been set up with the aid of foreign capital. The development of these industries has harmed industrialisation by increasing imports and thereby spending the foreign currency required for importing the equipment needed for industrialisation. In the words of Prof Bettelheim, "the expansion of industries producing consumer goods of secondary importance immobilizes large amounts of capital and leads to a pseudo-industrialization. True industrialization is slowed down and may even be halted."³⁴

At the end of the Second Plan, one may say that an 'extravagant epoch' had begun in India. From then on, coupled with luxury housing, "expense accounts, air conditioned restaurants, and hotels and night clubs figure as essential lubricants in the progress of Indian industrialisation".³⁵ A similar emphasis on high consumption was observable in Western Europe and the United States even before the present century opened. In England, in Germany, in France, everywhere, "with allowance for national and cultural differences, came a spread of ostentatious consumption, a spread intimately connected with the extra-ordinary enlargement of a commercial, financial and state apparatus of circulation and the thrusts of a new militarism and new imperialism."³⁶ All these came in the wake of European capitalism reaching the monopoly stage. The upper stratum of the Indian capitalist class began in this respect to emulate its counterparts elsewhere since the end of the Second Five Year Plan.

An Attempted Explanation

As has been noted above, the central fact of dominance of European capitalists over their economies conditioned the nature of capitalist development in the Third World countries. The capitalist development that finally took place in the economies of the Third World countries under the control and direction of Western Imperialism led to the forcible destruction of their traditional modes of production. This is because, in the words of Rosa Luxemburg, "A natural economy... confronts the requirements of capitalism at every turn with rigid barriers. Capitalism must therefore always and everywhere fight a battle of annihilation against every historical form of natural economy that it encounters, whether this is slave economy, feudalism, primitive communism or patriarchal peasant economy."³⁷ The mode of production that was substituted in these countries had its origin in the sphere of capitalist production in the home countries of the colonialists. But despite its origin in the sphere of capitalist production the aim of this mode of production was not the reproduction of the capitalist mode in the colonies. Rather, it aimed at throwing the burden of capital accumulation

in the mother country on the shoulders of the colonies through a policy of relentless and ruthless exploitation of their surplus. Hence, "...contact with Western European capitalism *retarded* the development of anything resembling capitalism in the third world countries."³⁸

Coming to India, we find that the 'developing capitalism here absorbed a number of feudal socio-economic forms due to the specific conditions of the colonial rule. This accounts for its 'deformity' or 'twisted growth' in contrast to Western capitalism. Still, India was the most 'capitalist' of the colonies. "Indian Capitalism represented a change in the internal socio-economic evolution which the foreign capitalists could utilize in their interests, misshape and hamper but could not halt"³⁹ altogether.

In his analysis of the transition from the feudal mode of production to the capitalist mode, Marx speaks of two ways in which the transition might take place in history. The transition is accomplished in the first way, the "really revolutionising way", according to Marx, when "the producer becomes the merchant and capitalist...". The transition may also take a second way where "...the merchant holds direct sway over production. However much this serves historically as a stepping stone", says Marx, "it cannot by itself contribute to the overthrow of the old mode of production, but tends rather to preserve and retain it as its precondition."⁴⁰

When transition to capitalist mode of production takes the second path, the emerging system, according to Marx, "presents everywhere an obstacle to the real capitalist mode of production and goes under with its development. Without revolutionising the mode of production, it only worsens the condition of the direct producers...."⁴¹

Historians, by and large, agree on the point that transition to capitalism was accomplished in colonial India by a variant of the second path. Under colonial rule landed proprietorship and to a great extent the feudal mode of extraction of surplus from the peasantry through direct coercion was preserved. Only it now served the new masters. At the same time commodity-money relations were also penetrating the countryside in the wake of the British exploitation of India as a source of raw materials and market. Hence, circumstances in India were favourable for the development of merchant and usurer capital. The merchants and usurers were the economic and political servitors of the colonial regime. Hence, colonial rule benefited mainly this class with the result that primary accumulation took place in their hands.

The Indian merchants of the colonial period may broadly be divided into the following two categories: (a) merchants of the interior and (b) merchants of the coastal areas. The merchants of the interior collaborated with the British merchants in extracting vast amounts of surplus from the interior by selling the British manufactures, mostly imported cotton piecegoods, and taking out raw materials for export. The trading in British piecegoods linked these merchants with the

wholesale trade in these items mostly controlled by the European merchants. The merchants of the interior also supplied to the British export houses most of the exportable crops in almost every region. One of the most important big business groups in India, the Marwaris, rose from the ranks of the merchants of the interior. They traded in grain, oilseeds and spices of all kinds and imported cotton piecegoods like broad cloth etc. Another equally important field of operation of Marwari businessmen was moneylending. Prof Gadgil once remarked, "In most parts of India whenever there is an important alien element in rural moneylending this is usually that of the Marwaris."⁴² In that business they really acted as agents of the colonial taxation machinery for the collection of land tax. The entry of Marwari trading and moneylending capital into modern industry took place as late as during the Second World War.

There was another group of merchants in the coastal areas who besides moneylending also participated in the foreign trade in collaboration with the British merchants. The collaboration between Indian merchants and Europeans in the field of export trade was largely the result of the control of the trans-oceanic routes by the Europeans. These merchants shared for some time with the British merchants the lucrative China trade in opium and cotton. One may name here the Parsis and the Gujarati merchants—both Hindu and Muslim—of Bombay and Surat. The Indian merchants made their peace with the colonialists albeit at a high cost of retardation of their own development as industrialists for a long time. One reason for this might have been that "For many of the merchants, change to British rule must have seemed to be an exchange of a predictable set of all-powerful rulers for a rather insecure group of volatile potentates."⁴³ Thus merchant and usurer capital in India "was at first partly an agent of British merchant capital; later to some extent, of British industrial capital and finally of finance capital". But Indian merchant and usurer capital "became not only the driving belt of British finance capital for the realisation of its aim of dominating Indian economy, *but the culture medium for the maturing of national capitalist enterprise*".⁴⁴

Indian industrial capitalists began their career by operating in the interstices of the colonial economy. Hence the first modern factories set up by Indian capitalists were cotton textile mills in Bombay island and Ahmedabad where competition from British capital was weaker than in Bengal. In their attempt to enter modern industrial field the Indian merchants not only imported machineries from England but also drew upon the expertise of the British. "In the early history of the industry nearly all mill managers and heads of departments were Lanchashire men and in a large number of mills this is true today." This importation of mechanics and managers, observes the same author, "is quite natural when a country adopts a new industrial process not native to it, and was followed for a shorter period by both Germany and Japan".⁴⁵

In their attempt to enter the field of large scale industry the big Indian traders-cum-moneylenders had also to adopt the techniques and methods of organisation of the oppressive British capitalists. In order to enter the modern branches of production with a relatively weak capital base, the Indian capitalists found the managing agency system, earlier developed in India by the British capitalists, very useful. A joint stock company controlled by the managing agency of Fromjee and Company was founded as far back as 1858. It directed Bombay's first cotton mill, the Oriental Mill. Indian capitalists formed their own trade associations on the model of British and European trade associations quite early. To protect their interests against the competition of British planters organised under the Indian Tea Association (1881), the Indian planters founded the Association of Indian Planters in 1915. In the field of coalmining the Indian owned collieries formed the Indian Mining Federation in 1913 to counter the activities of the Indian Mining Association (1892) with predominantly European membership.

Thus the rising Indian capitalist class was gradually organising itself against British capital in India in ways and forms shown by the British capitalists themselves. The two most influential Indian trade associations in cotton textile industry were the Bombay Mill Owners' Association and the Ahmedabad Mill Owners' Association. Both Associations were represented in the Provincial Assembly and the Ahmedabad group was also represented in the National Legislative Assembly. D H Buchanan writes about these two Associations that "they have been very active in bringing to the attention of the government matters affecting their interests. Indeed, they have been more active politically than economically."⁴⁶

Though Indian monopoly capital also borrowed from the West such regular European corporate devices as holding companies, investment trusts and insurance societies, the managing agency system was the chief instrument of centralisation of control over the industrial field in the hands of Indian big business till its abolition in 1970. It was mainly through these 'borrowings' that the upper strata of Indian capitalist class could enter the monopoly stage at the time India gained independence. Otherwise, the emergence of national monopolies at such an early stage of capitalist development would not have been possible. This is true, as we have seen earlier, of a host of other underdeveloped countries such as Pakistan, Turkey and Philippines, too. Monopoly capitalism in the Third World countries was hence an import from the West and not a product of the fullest development of the capitalist mode of production in them.

The explanation for the weak transformation potential of Indian capitalism is hence found in the very process of its development: the twisted growth of capitalism due to the many economic and political restrictions of a colonial regime, the enslavement of direct producers in both industry and agriculture by merchant and usurer capital and finally,

the emergence of the latter class as the industrialists in colonial India, all militated against the fullest development of the capitalist mode of production in India with its progressive socio-economic consequences vis-a-vis the old mode of production.

Unlike the Western countries where the industrial bourgeoisie came for the most part from the midst of direct producers, owners, masters and apprentices of capitalist workshops, artisan and merchant guilds, in colonial India this class mostly consisted of the comprador traders, usurers and merchants of the interior. Even when these elements became share-holders of both British and Indian industrial companies they continued their comprador functions or the semi-feudal exploitation of the peasantry. The perpetual and intimate involvement of traders and moneylenders in landownership in free India explains to a great extent the persistence of the old mode of production in the Indian countryside. Such a persistence facilitates exploitation of the peasantry and puts obstacles on the way of transition of merchant capital to industrial capital. Lenin once remarked, "It is inherent in capitalist production to strive for unlimited expansion. ... Under all the old economic systems production was everywhere resumed in the same form and on the same scale as previously; under the capitalist system, however, the resumption in the same form becomes impossible and unlimited expansion, perpetual progress, becomes the law of production."⁴⁷ Due to the circumstances narrated above, this law is yet to operate fully in India.

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C RAJA MOHAN*

Waiting for the Nuclear Winter: Breakdown of Nuclear Arms Control

THE DEPLOYMENT of American nuclear missiles in Europe on schedule at the end of 1983 has inevitably led to the breakdown of all nuclear arms control talks between the USA and the USSR. As they had warned a number of times, the Soviets withdrew from the intermediate range nuclear force (INF) talks at Geneva, once the deployment took place. They also declined to set dates for the resumption of strategic nuclear arms reduction talks (START) at Geneva and the negotiations on mutual and balanced force reductions (MBFR) on conventional arms at Vienna. The USSR also threatened to deploy new short range nuclear weapons in Europe and increase the deployment of sea-borne missiles close to the borders of the United States. The Soviet response has given the lie to the arguments of the Reagan Administration that real Soviet concessions would be forthcoming if and only when the US deployed the Euromissiles.

The current nuclear crisis, fraught with dangerous consequences, represents the lowest point in the relations between the USA and the USSR since the Cuban missile crisis of 1962. It also marks the complete burial of *detente*, initiated after the Cuban missile crisis. The deployment of Pershing II and Cruise missiles in Europe would also signify a dramatic escalation of the now raging second cold war, originating in the late 1970's. It also marks the beginnings of a deadly new bout of nuclear arms race. The nature of the new nuclear weapons—the technology that underlies them and the new doctrines that envelop them—makes future nuclear arms control extremely difficult and increases the prospects of a nuclear war, either accidental or intended.

Even as the dithering nuclear negotiations reached a stage of breakdown, a new study by a noted American astrophysicist Carl Sagan has chillingly brought into light the hitherto unexamined consequences of a nuclear war.¹ Sagan's own *Chronicle of a (Nuclear) Death Foretold* predicts, on the basis of scientific calculations of the impact of nuclear explosions on global climate, that the use of only 1000 nuclear warheads with an explosive yield of 100 Megatons would be sufficient to destroy

*Institute for Defence Studies and Analyses, New Delhi.

the entire civilisation of the earth as we know it. The 100 MT required to do this, is only one hundredth of the total nuclear megatonnage available today. Because of the enormous soot and dust that will be released in the aftermath of the 100 MT explosions, the earth will be plunged into a nuclear winter exceeding 70 days in most parts of the globe when temperatures will drop to -20° degrees C or even lower. The most significant finding is that even a "limited" nuclear war in Europe without dropping a single bomb anywhere else would destroy all the developing countries of the South.

The fact is that even those countries distant, geographically and politically, from the current nuclear confrontation would not be spared from the effects of a nuclear war however limited it may be. At least this should shake out of complacency those of us in the South who had believed that issues of nuclear war and peace are not of immediate concern to us.

The attempt in this paper is to examine briefly some of the factors that have led to the current nuclear crisis. The effort would be to locate the discussion in the changing context of technology and doctrine governing the use of nuclear weapons. The first part deals with the Euromissile crisis, and the second with problems of strategic nuclear arms control.

Before we proceed with the discussion, it is necessary to clear at least partly the definitional muddle of nuclear weapon categories. Nuclear weapons have been divided into three kinds: strategic, theatre and tactical. Strategic weapons are those US and Soviet systems that can strike the territory of the other power. (These were the systems under negotiation in the SALT/START process). The long range theatre nuclear forces—LRTNF (also called intermediate range—INF—or medium range weapons)—are those systems, usually with a range larger than 1000 km, that can strike the Soviet Union from Western Europe or *vice-versa*. (The INF negotiations were on these systems). The tactical nuclear weapons meant for battlefield use and short range missions were not subject to any arms control regime. None of these terms has a precise and agreed meaning, nor are the categories clear-cut.

I

The current folklore regarding the Euromissile crisis is that the West was suddenly faced with the Soviet deployment of SS-20 missiles in 1977. The SS-20 posed a grave threat to West European security by upsetting the existing nuclear balance in Europe. The West European leaders led by Helmut Schmidt, then Chancellor of FRG, requested the US to plug the threatening "Euromissile gap". The US, in a demonstration of its commitment to its NATO allies, agreed to do so. The successful selling of this story to the world public is a tribute to the power of information manipulation of the Western media. The reality is far more complex and the Soviet deployment of SS-20 was no more

than a pretext for a process well under way since the early 1970's. This becomes clear when we examine the origin of the Euromissiles, the Soviet SS-20 decision and the NATO decision to modernise the long-range theatre nuclear forces.

Origin of Nuclear Forces in Europe

The first nuclear weapons to be emplaced in European soil were American, which arrived along with the formation of NATO in 1949. At the dawn of the nuclear era in the US, systems which could deliver nuclear warheads from the US into the Soviet Union were still under development: the B-52 intercontinental bomber was on the design board and the intercontinental ballistic missile at the conceptual stage. The US saw that the only way it could make the nuclear threat against the Soviets credible was by deploying the available shorter range nuclear delivery systems in forward positions in Western Europe. The process began with the development of B-29 and B-50 bombers in Britain in the late 1940's. By the late 1950's, the US built a network of major bases for B-47 and B-52 in Spain, Morocco, Libya, Saudi Arabia, Okinawa and Guam. Aircraft carriers with nuclear bombers were also given a major strategic role from the late 1940's and were deployed in the Atlantic, Mediterranean and Pacific oceans. Thus under the political strategy of containing the Soviet Union and the nuclear strategy of "massive retaliation", the US dotted the Eurasian landmass and waters with nuclear-capable aircraft—the so-called forward based systems.

Besides the bombers, NATO began to deploy, from the early 1950's, a large number of tactical nuclear weapons intended for use against Warsaw Pact's conventional forces. Most of these systems were for battlefield use and did not have the range to reach the Soviet Union.²

The first missiles to appear in and around Europe were the very primitive nuclear Cruise missiles of the US—the *Regulus* (operated by the US Navy) and *Matador* (US Air Force)—in the mid-1950's. *Mace*—intermediate range Cruise missiles were deployed by the US in West Germany and Okinawa in the late 1950's.

In 1957, NATO decided to deploy land-based intermediate range nuclear missiles—*Thor* and *Jupiter*—which became operational in Britain, Italy and Turkey by 1960. Most of these systems were considered as stop-gap arrangements, and once the US acquired the ICBMs and submarine-launched missiles (SLBMs), the land-based missiles were withdrawn from Europe by 1967. However, US bombers continued to be located in forward positions in Europe.

The USSR exploded its first atomic bomb in 1949, but it was not until the mid-1950's that the Soviet armed forces acquired nuclear weapons.³ Though the Soviets had developed long-range bombers in the 1950's, they were technologically deficient—being propeller driven—and could not effectively reach the US mainland. The USSR in the 1950's concentrated on developing medium range bombers and missiles

to counter the US strategic forces, the bulk of which was forward based. Besides a few types of bombers, it deployed a large number of SS-3, SS-4 and SS-5 intermediate range land-based missiles. In the late 1950's the Soviets also began to deploy tactical nuclear weapons to counter similar NATO systems.

By the mid to late 1960's the balance of nuclear forces in Europe had arrived at a stability of sorts. Both sides had large numbers of tactical nuclear weapons with the US having an edge. The US had withdrawn its land-based missiles and retained its forward-based bomber fleet. The Soviet had withdrawn their SS-3 and retained SS-4, SS-5 and the bomber fleet. The British and French had developed independent nuclear deterrents—targeted on the Soviet Union.

The rationale for US deployment of nuclear systems in Europe was based on two questionable premises. The first was that nuclear weapons were necessary to counter the overwhelming conventional superiority of the Soviet Union in Europe. The argument repeated *ad nauseum* in the 1950's continues to be heard even today. In 1961 and 1962 a comprehensive comparison of NATO and Warsaw Pact conventional forces was undertaken by the US Defence Secretary Robert S McNamara. The study, conducted mainly by the Assistant Secretary of Defence A C Enthoven, concluded that the Warsaw Pact did not have conventional superiority and that the NATO did.⁴ Enthoven himself later stated unequivocally that "for 20 years, the WTO (Warsaw Treaty Organisation) forces have been persistently exaggerated by our military, by our media and therefore in the popular mind".⁵ During the 1970's, the conventional balance as measured in quantitative ratios of men, tanks and aircraft, was also in favour of the NATO.⁶ But the myth endures even today obfuscating the real issues behind the American nuclear deployment in Europe.

The second premise of US nuclear weapons in Europe is the so-called American nuclear guarantee to Western Europe. This nuclear guarantee, the keystone of NATO's strategy, meant that the USA would be willing to use its nuclear weapons in the event of a Soviet attack on Western Europe, and that it would be willing to use it first. This American nuclear umbrella appeared clear and unambiguous in the first two decades of the nuclear era when the USA had a preponderant nuclear superiority. In this phase the US could strike the USSR with nuclear weapons but was itself invulnerable to a Soviet nuclear attack. But in the 1970's, when the Soviets acquired broad strategic parity with the USA, doubts began to surface whether the nuclear umbrella would actually "unfold" in the case of a Soviet attack. It is this increasing intra-alliance doubts over the "coupling" of West European security to American nuclear deterrent that was a major reason for the current Euromissile crisis. However, as we would see later, the issue of "coupling" has been wrongly posed. But the major fact remains that in the cold war period, the European allies mortgaged their security to

American nuclear forces and from then on have never been able to wriggle out of this dependence and continue to be at the mercy of the vicissitudes of US nuclear policy.

Myths About SS-20

The Soviets continued to have a rationale for the existence of their regional nuclear forces as a counter to the three Eurasian nuclear forces—British, French and the Chinese—and the US forward-based deployments in Europe. For a long time the SS-4 and SS-5, deployed more than two decades ago, were only of marginal value because of a number of technological deficiencies. First, they were large and cumbersome missiles with very slow reaction times requiring several hours to prepare the missiles for firing. Second, they were also extremely vulnerable—two-thirds of the launchers were in open unprotected pads.

From the mid 1960's, the Soviets have been attempting to replace SS-4 and SS-5 with more reliable missiles. In the 1960's they attempted to resolve the problem by developing SS-14 and SS-15 IRBMs. However, both appeared to be technological failures and were not deployed. Later the Soviets deployed the SS-11 and SS-19 ICBMs in a regional theatre role. However in the SALT negotiations, at the US insistence, the SS-11 and SS-19 were included in the strategic nuclear weapon count and hence the Soviets could not use them in a regional role. By the mid 1970's, the Soviets had developed the now celebrated SS-20 medium range missile. (It was derived from the SS-16 ICBM). The SS-20 was mobile, used solid fuel and hence had rapid reaction and increased accuracy. It also could be equipped with three independently targeted warheads.

Given this background, for a number of observers, the introduction of SS-20 was no surprise. "On the contrary it was technologically overdue."⁷ Faced with a continuing need for regional nuclear forces and given the necessity to replace obsolescent systems, there was a compelling need perceived in the USSR for the introduction of SS-20. It was in fact seen as a routine modernisation decision.

The outcry that began in the Western media about SS-20, and the painting of it as a demonic missile was largely unjustified. The very features of SS-20—accuracy, reliability and invulnerability—which are now being seen as threatening were stressed in the SALT dialogue as criteria for strategic stability. The Soviets in fact had a very reasonable case. They were only replacing 600 odd SS-4 and SS-5 with about 200-odd SS-20s. There was thus an overall reduction in the number of launchers. The total number of warheads on new SS-20s were not going to be more than those that were on SS-4 and SS-5. The total megatonnage of the new warheads on SS-20 (150 KT each) was to be far less than those on SS-4 and SS-5 (1 MT each). But the Soviets could not successfully present their case to the Western public, despite the much talked about propaganda offensive launched from the late 1970's. And in the West,

as put by a veteran American expert on Soviet affairs, "The failure to give any credit to the modernization aspect of the change (to SS-20) and the reluctance in 1979-80 to acknowledge the parallel Soviet dismantling of the older SS-4 SS-6 systems is...a combination of psychological self-deception and information management."⁸

The Modernisation Decision of NATO

The decision by NATO on December 12, 1979, to deploy 572 new nuclear warheads—108 Pershing II ballistic missiles and 464 ground launched Cruise missiles—was a result of the momentum built up by strategic, technological and political factors evolving in the West over the 1970's. First the nuclear strategic factor. Ever since the mid 1960's when the USSR began to acquire broad strategic parity with the USA, the American threat of massive retaliation began to look incredible. The doctrine of mutual assured destruction (MAD) which replaced it suggested that the only purpose of nuclear weapons would be to deter the opponent from using them. Even when MAD was declared as the reigning doctrine, attempts were continuously made in the USA to undermine MAD and wriggle out of strategic parity. The new theology of "flexible response" made the US nuclear targeting policy more flexible and nuclear strike options were seen in a single continuum from conventional, to tactical, to strategic nuclear weapons, thus providing for "escalation control" and "escalation dominance" in the use of nuclear weapons.

The new doctrine—announced in 1974 by Defence Secretary James Schlesinger—shorn of its jargon, essentially meant that American nuclear strategy had shifted from the objective of war-dissuasion (under MAD) to nuclear war-waging (under flexible response). The new targeting policy was to be "counterforce" as opposed to "countercity" under MAD. This meant that instead of targeting on cities (which would make the actual use of nuclear weapons difficult) the nuclear warheads would now be targeted on military and command and control centres of the Soviet Union (which would make the use of nuclear weapons more "thinkable"). It was this basic change in US nuclear strategy which is at the root of the deployment of new missiles in Europe. The new strategy called for a revision of the US theatre nuclear posture in Europe. And a report on the need for INF modernisation in Europe was prepared by James Schlesinger himself in 1975.⁹

The successful application of the doctrine of flexible response depended upon the availability of nuclear delivery systems which were highly accurate and could be deployed for nuclear war-waging purposes. It was not a sheer coincidence that systems such as the Cruise missile, neutron bomb and Pershing II were reaching a mature stage of development in the mid 1970's. This technological momentum reinforced the important strategic changes occurring in US nuclear policy. It was also no coincidence that within months after the LRTNF decision, the US

unveiled the Presidential Directive 59. The PD 59 codified the flexible response strategy as an operational doctrine. The PD 59 visualised the waging of "limited" and "controlled" nuclear war, particularly in Europe. It appears that the PD 59 doctrine and the NATO decision, to employ Pershing and Cruise were inter-connected.¹⁰

The third set of factors came from intra-alliance political considerations. A number of European strategists began to argue in the mid 1970s that under bilateralism of the SALT process, certain aspects of European security were being ignored. It was also feared that in order to arrive at an agreement for SALT II treaty President Carter would accept constraints on Cruise missiles, which were seen to have utility in the European theatre. These were the fears which Helmut Schmidt articulated in his October 1977 speech.¹¹ In his speech Schmidt did not make any explicit reference to the deployment of theatre nuclear forces, but he focussed public attention on the concept that a gap was appearing in NATO's deterrent capability. Knowledgeable observers argue that Schmidt was only attempting to upstage Carter, as being weak and incapable of looking after European security interests. However, the US turned Schmidt's speech into a sort of request for the deployment of US INF in Western Europe.

It was a combination of all these factors which led to the deployment decision of 1979.¹² NATO's decision was essentially an attempt to strengthen the strategy of flexible response in Europe. The US railroaded the NATO allies into an agreement, arguing that if the deployment did not take place, the Soviet nuclear "superiority" in Western Europe would lead to the splitting of Western Europe from the USA and that the Soviet Union would derive political advantage from the nuclear blackmail. This point was put most forcefully by Henry Kissinger:

"We must face the fact that it is absurd to base the strategy of the West on the credibility of the threat of mutual suicide....if there is no theatre nuclear establishment on the continent of Europe, we are writing the script for selective blackmail in which our allies will be threatened, and we will be forced into a decision where we can respond only with a strategy that has no military purpose but only a population destruction purpose."¹³

Kissinger's argument that NATO, in order to restore the credibility of the US strategic guarantee, must develop strategic counterforce capability and a credible INF was a false one. It was effectively rebutted by McGeorge Bundy, former National Security adviser to President Kennedy:

"The enduring effectiveness of the US guarantee has not depended upon strategic superiority. It has depended instead on two great facts: the visible deployment of major American military forces (300,000) in Europe, and the very evident risk that any large scale engagement between Soviet and American forces would rapidly and uncontrollably

become general, nuclear and disastrous...."¹⁴

Whatever the merits of this line of thinking that the US armed forces in Europe and the US *Poseidon* SLBMs assigned to Europe are sufficient to couple European security to the US nuclear strategic arsenal, the USA succeeded in convincing its NATO allies that new American missiles were needed to strengthen the Alliance. The missiles were to have two distinct features: they should reach Soviet territory and they should be ground-based so as to be politically more "visible" than the US *Poseidon* SLBMs.

The political visibility of the new missiles created more problems than it solved. Instead of strengthening the NATO alliance, it divided people and political parties within each NATO state on the very issue of the relevance of US nuclear guarantee. The peace movements saw clearly that the new missiles in the context of limited nuclear war would only mean that the USA would fight a nuclear war in Europe leaving its own territory as a sanctuary. President Reagan's October 1981 remark that a nuclear exchange in Europe not escalating to an all-out nuclear war confirmed the worst suspicions of the European people.

The December 12, 1979 decision, besides calling for deployment of the new missiles, also called for negotiations "to achieve a more stable balance at lower levels of nuclear weapons" and that these negotiations should be conducted "in the SALT II framework in a step-by-step approach".¹⁵ This double track decision expressed the strong commitment of NATO allies for continuation of detente and the SALT process. "In fact a number of allied leaders had conditioned their support for the LRTNF on SALT II even before the Treaty had been signed in June (1979)."¹⁶

The INF Negotiations

The second track which NATO called for—negotiations for reduction of nuclear arms in Europe—never had a chance to succeed. In the face of mounting domestic opposition to SALT II treaty, President Carter withdrew the Treaty from the Senate—where the ratification was to take place—on the pretext of Soviet intervention in Afghanistan. And Carter increasingly took a strident confrontationist posture *vis-a-vis* the Soviet Union. President Reagan, who got elected on a virulently anti-SALT II and anti-Soviet platform ensured that SALT II was virtually dead. And when Reagan agreed to talk to the Soviets on the Euromissile issues—under great pressure from the European peace movements—it was November 1981. Thus two valuable years were lost before implementing the negotiation call of the 1979 decision. Moreover Reagan's pronouncements and policies fully vitiated the relations between the two powers and the minimum political trust so essential for any serious negotiation was completely absent. The Soviets in this period doubled the deployment of SS-20, slowed down the dismantling of SS-4 and SS-5 missiles, and hardened their

own negotiating position.

And Reagan's opening position at the end of 1981, the "zero option", did not signify a serious negotiating stance. His position remained unchanged for about a year and a half. The zero option called for across-the-board destruction of SS-20, SS-4 and SS-5 contingent, both in Europe and in Asia, so that the missiles could not be redeployed elsewhere, in return for non-deployment of US systems. In essence, the US was demanding that the Soviets dismantle their entire theatre missile force for the sake of American non-deployment, and the continued existence of French, British and US nuclear forces in Europe. The Soviets saw this as amounting to unilateral nuclear disarmament on their part. Besides the Soviets, a number of West European parties and governments saw this zero option proposal as a non-starter. Under pressure Reagan announced an interim proposal in March 1983, but the basic negotiating position remained the same. In fact, a Western account of how the talks broke down suggests that the hawks in the Reagan Administration were irreconcilably opposed to any negotiated settlement; the zero option was the best the US could offer; they saw the entire negotiating process as part of "alliance management" rather than arms control; some of them were apprehensive that the US negotiator Paul Nitze, being an "inveterate problem solver", might actually come up with a solution.¹⁷ The hardliners in the Reagan Administration wanted the whole package of 572 missiles to go through to deployment.

The Soviets presented various proposals to limit the intermediate nuclear forces in Europe, e.g. Brezhnev's early 1982 offer to cut intermediate nuclear forces with ranges over 1,000 km to 300 launchers for each side by the end of 1990, the British and French forces being part of the Western count; Andropov's December 1982 proposal to reduce intermediate launchers in European Soviet Union to 162—the same number of intermediate range missiles owned by UK and France—with the understanding that Pershings and GLCMs would not be deployed. In May 1983 Andropov expressed his willingness to count warheads, rather than launchers, a procedure long advocated by US negotiators. In August 1983, Andropov made another offer to eliminate the "surplus" Soviet missiles rather than moving them beyond the Urals if an agreement could be concluded—always on the assumption that no new US missiles would be emplaced in Western Europe.

The American and Soviet concerns were divergent. The US position at the talks "has obviously not been aimed at achieving a more stable overall nuclear balance but only a narrow numerical equality between US land-based intermediate range missile warheads in Europe and Soviet land-based intermediate-range ballistic missile warheads everywhere".¹⁸ The US, France and Britain were adamant in not considering the incorporation, at any level, of the British and French nuclear forces in the European nuclear balance and in refusing to include the US bomber fleet in the proposed agreement.

The Soviets justifiably saw the Pershing and Cruise deployment as extremely destabilising and as violating the entire SALT process, so painstakingly built up over the 1970's. They saw the new deployment as an attempt to acquire strategic superiority and to place the Soviet Union in a vulnerable position. Contrary to the popular belief in the West and in the South, as Herbert York (former scientific adviser to President Eisenhower) points out, the Soviets made many concessions in the SALT process.¹⁹ Among these concessions were (1) the Soviet willingness not to count the US forward based systems in Europe; (2) not to include French and British nuclear forces in the count of strategic balance and (3) relaxation in the counting rules for air launched Cruise missiles. The Soviet concessions came from the belief that SALT agreements were necessary and the hope that all unresolved issues could be discussed at the forthcoming SALT III. To their dismay the Soviets found that within six months of signing SALT II in June 1979, NATO took a decision to introduce new systems in Western Europe.

The Soviets saw the Pershing II in particular as highly threatening and far more destabilising than the earlier forward based systems. The apprehension was not just that Pershing IIs could reach Soviet territory in about 6-10 minutes. The Soviets were, in any case, under such a threat from the US submarine launched nuclear weapons in European waters. It was the extremely high accuracy of Pershing II, allowing it to be used as a counterforce weapon against Soviet command and control centres, which caused the alarm in Soviet leadership. The Soviets also realised that once Pershing II was deployed the follow-on versions could be brought in without stirring much political furor. The possibility is also on the cards that the range of Pershing II could be increased from the present 2,500 kms to bring Soviet ICBM fields in western Siberia within reach. The proposed improvements in the terminal guidance systems of Pershing II would make it effective against mobile targets too. It was because of these features that Pershing II was such an anathema for the Soviets.²⁰

The second major Soviet concern was with the French and British nuclear forces. These two nuclear forces are on the verge of modernisation. If the present pace of modernisation of the nuclear forces continues, France may deploy a new mobile land-based missile by 1985, build a seventh submarine and have about 756 invulnerable SLBM warheads by 1990. In the same year Britain is expected to have a total of 512 Trident II warheads. Thus the French and British submarine forces alone, if not restrained by any arms control agreement, would have a total of 1,268 warheads aimed at the Soviet Union.

These burgeoning Euronuclear forces were of considerable concern to the Soviets, and any viable nuclear disarmament proposal needed to give due consideration to these forces. However, this Soviet concern cannot be stretched to the other extreme, where the USSR needs to have one half of the world's nuclear arsenal. Towards the end of 1983, the

Soviets gave up their demand for equality with French and British forces, when they suggested their willingness to reduce SS-20 force to about 120 (the French and British missiles amounted to 162). Britain, France and the USA were in no mood to accomodate. A number of Western observers like Paul Warnke—former American SALT negotiator—suggested ways and means of ending the Euromissile crisis by incorporating French and British forces into count, without endangering the security of any of the parties involved.²¹ While the suggestion was acceptable to the West German Social Democratic Party it was not to the others.

Thus the basic intransigence of the US position and the dubious role played by Britain and France in acting as cheer leaders for the US deployment and refusing to accept any inclusion of their own forces in the negotiations ensured the failure of the INF negotiations. The deployment of the Pershing and Cruise missiles on schedule was a victory for the undiluted adoption of the US nuclear war-fighting strategy for European defence. It also appears as a triumph—however Pyrrhic and short-lived—for the American search for nuclear strategic superiority. It is the very same quest for an illusory nuclear superiority by the US which led to the suffocation of the parallel strategic arms reduction talks to which we must now turn.

II

Why did the Soviets interrupt the strategic arms reduction talks, which dealt with long-range intercontinental nuclear weapons, in response to the US deployment of Euromissiles? Because of the geographic position of the USSR, the "theatre" missiles of the US are of "strategic" threat to the Soviet Union. As we noted earlier, the Soviets were always concerned about the strategic role of US forward based systems. When the SALT II was signed in 1979, the Soviet Foreign Minister Andrei Gromyko emphasised that "the Soviet Union made an official statement that during future talks, when a SALT III Treaty was being prepared the Soviet Union would raise the question of forward based systems. The American side acknowledged it. It was on this basis that the sides reached accord."²² Thus the deployment of the counterforce missiles in Europe altered the strategic parity, as far as the Soviets were concerned. The link between NATO's modernisation of theatre nuclear forces and the strategic nuclear weapons balance was not just a construction of the "paranoic" Soviet mind. Several Western observers also clearly understood that the separation of talks on intermediate and strategic nuclear systems at Geneva was meaningless, given the fundamental interconnections between the two. It was for this reason that the Swedish premier Olaf Palme and several others called for a merging of INF and START negotiations;²³ but this was unacceptable to the American Administration.

The demise of SALT process in the late 1970's was the result of

a number of nuclear strategic and global political developments. The thaw between the United States and the Soviet Union after the Cuban missile crisis gradually led to the beginning of negotiations on strategic arms limitation (SALT) in 1969-70. From the mid 1960's, the Soviets made a determined effort to match the US in the strategic nuclear arsenal. By the late 1960's, the Soviets acquired the ability to survive an American nuclear attack and retaliate. The SALT process was a recognition of the strategic parity achieved by the USSR, in spite of having a much smaller nuclear arsenal than the US. In 1970, the USSR had only 3,770 strategic warheads against 7,104 of the USA.²⁴ The SALT I treaty signed in 1972 between Presidents Nixon and Brezhnev placed certain restrictions on offensive and defensive nuclear systems.

Despite its many flaws—noncomprehensiveness and allowance for technological modernisation, to cite a few—the signing and ratification of SALT I marked the beginning of *detente* between the USA and USSR, the most relaxed period in international relations since 1945. SALT I was followed by other confidence-building measures like an agreement to make the avoidance of nuclear war a major objective (1973) and the Threshold Test-Ban Treaty (1974) limiting underground nuclear tests to below 150 KT. And by 1974 negotiations on a SALT II treaty also began. The SALT II negotiations between the USSR and three US Administrations (Nixon, Ford and Carter) fructified by June 1979 when the agreement was signed.

But before the American ratification of SALT II took place, a number of political developments occurred around the globe and the US foreign policy underwent a major transformation. First, there was a shift towards socialism in a number of Third World countries—in Indo-China, in Afghanistan, in Ethiopia and Southern Africa and Nicaragua in Latin America. Second, there was also the radicalisation of the Third World states as a collective, represented most potently by the Arab use of the oil weapon. Third, the debacle in Iran in 1978-79 also created a panic in Washington. Most if not all of these developments were attributed to the increasing strength of the Soviet Union and its alleged "evil" designs across the globe.

This led to increasingly strong arguments within the US that the Soviets had taken advantage of *detente* at the cost of the global influence of the US. Pressures began to build up within the US for a greater confrontationist posture *vis-a-vis* the Soviet Union, and a more aggressive policy in relation to the developing countries. The Soviet intervention in Afghanistan in 1979, coming at this juncture, was utilised by President Carter to make his final turn to the right. And SALT II treaty, as the symbol of the earlier policy of *detente* with the Soviet Union, was the inevitable sacrifice which had to be made.

The "Window of Vulnerability"

The political shift to a more aggressive anti-Soviet posture in the

US had a strategic component too. Towards the late 1970's, as SALT II came up for ratification, the argument that the Soviet Union, thanks to the SALT process, had acquired nuclear strategic superiority began to acquire greater currency in the US. With the installation of Reagan in the White House, the propositions of the new orthodoxy that there was a "window of vulnerability" in the American nuclear strategic forces and that the Soviets had obtained a first strike capability became well entrenched myths.

The basic argument was that with the Soviets "MIRVing" (putting more than one independently targeted warhead atop a missile in place of the earlier single warhead) their land-based missiles and improving their accuracy, the exchange ratio between US ICBM silos and Soviet land-based missiles had shifted in favour of the Soviets. In other words, the Soviets now had sufficiently accurate land-based ICBM warheads to wipe out the US land-based ICBM force in a disarming surprise attack. The theory goes on to suggest that once the Soviets have completed the first strike, they would demand from the US president various concessions. Knowing that the Soviets still had enough ICBMs to destroy the major American cities, the US president, given the choice between surrender and the risk of the decimation of American people, would inevitably surrender to the Soviets.

This fantastic theory of the Soviet first strike has no basis in reality. The "window of vulnerability", or "counterforce gap" as some others would call it, is only a continuation of the hoary American tradition of the "bomber gap" of the late 1950's and the "missile gap" of the early 1960's. "The imaginary bomber and missile gaps were postulated to justify defence appropriation, during an era when in fact the United States had a very one-sided advantage over the Soviet Union in strategic forces."²⁵

The argument of a "counterforce gap" is a false one and has been used to build a new generation of powerful American missiles such as the MX and Trident D-5. In order to exploit this "window of vulnerability" and conduct a disarming first strike on the US land-based missile force, the Soviets would have to use at least three warheads against one silo. In doing so, the Soviets would expend nearly 40 per cent of all their warheads to wipe out only 22 per cent of US forces. The Soviets would then have to face 78 per cent of the US arsenal which is based on SLBMs and bombers. These remaining US forces can completely decimate the Soviet Union.

The scenario that the Soviet Union could launch a disarming first strike is also simplistic due to a number of technical uncertainties involved in launching such a strike. It is worth quoting here at length a recent report from the Massachusetts Institute of Technology:²⁶

Because tests of operational missiles are not extremely frequent, there will be some uncertainty as to the precision of any weapon (usually

measured in circular error probable (CEP), the radius from the average point of impact within which half of the incoming warheads will fall). This is especially true in the Soviet case, as most of their tests take place on a range substantially shorter than that necessary for a strike on US silos (usually called a counter-force strike, as opposed to a strike on urban-industrial targets, which is referred to as a "counter-value" strike). Since the accuracy of a weapon varies with range, the observed test performance of Soviet ICBMs over these shorter ranges will not be duplicated during operational launches, and calculating the appropriate adjustment factors is a complex and uncertain process.

Moreover, these calculations assume that there will be no systematic error, that the average point of impact, from which the CEP is measured, will be coincident with the target; in fact, it is often true that the average point of impact is offset by a systematic bias. If the bias is large, it can have a significant effect on the outcome of a countersilo attack. Unpredictable changes in both the CEP and the bias sometimes occur when new missiles are tested, or old systems are tested over a different range. These changes are caused by a variety of factors, including variations in earth's atmosphere and gravitational field, as well as errors in the guidance systems themselves.

Other uncertain factors include the yield of warhead, the reliability of the missile, the response of silos to nuclear effects, the coordination and timing of the attack, and the interference between the many warheads used in the attack, referred to as "fratricide". Many of these factors have never been tested, and can never be tested. Political factors add to the technical uncertainties. Thus the level of destruction the planner of an attack could *have confidence* in achieving is much lower than what idealised calculations would predict; since any use of nuclear weapons represents an enormous gamble, such uncertainty will serve as a powerful deterrent to the attack.

To the myth of this missile vulnerability was attached a political rider. Because of its missile vulnerability, the US would be powerless to restrain aggressive Soviet behaviour and other nations would be more likely to side with the Soviets in a crisis. Debunking this view Prof Stanley Hoffman pointed out that "it is impossible to prove that the outcome of political conflict in the last 30 years has been determined by the exact ratio of strategic military forces".²⁷

The START Proposal

Under great pressure from the American peace movement in the summer of 1982, President Reagan announced his START proposal, as the basis for talks on strategic nuclear arms control, which had been in abeyance since the end of 1979. Reagan's proposals called for "deep cuts" in the ballistic missile warheads—to about 5,000 each from the

current near 10,000 each, by 1990. And only one-half of these warheads could be land-based. In the second phase of the proposal, both sides should achieve equal aggregate throw-weight of the missiles. (The "throw-weight" refers to the size of the missile). The "deep cuts" proposal had certainly a lot of public appeal. But, in fact, the proposal was aiming at redressing the US "window of vulnerability" and calling upon the Soviets to dismantle a large portion of their land-based ICBM force, which the Soviets could not afford to do. The START proposal of Reagan was nothing but a demand that the Soviets drastically restructure their strategic nuclear forces.²⁸

To understand the full significance of the START proposal, it is necessary to look at the dissimilar nuclear force structures of the USA and the USSR. The American nuclear strategic warheads are distributed in a balanced way among the three legs of the strategic triad: 22 per cent on land-based ICBMs; 51 per cent on SLBMs; and 27 per cent on bombers. The Soviet warheads by contrast are concentrated on land-based missiles: 65 per cent on ICBMs; 32 per cent on SLBMs; and 3 per cent on bombers.²⁹ This Soviet nuclear force structure is a result of geographical constraints on that country and its inability to match the US in technological sophistication and seapower.

The Soviet bomber force is largely ineffective. Most of these bombers are propeller-driven and can only reach the US mainland with great difficulty. The USA has nearly an eight-to-one advantage in terms of bomber delivered force. Moreover, 30 per cent of American nuclear bombers are on alert at all times. The US has also considerable advantage over Soviets in SLBM forces. The US has about 5,000 warheads on 33 submarines while the Soviets have about 2,000 on 62 submarines. The American technology of anti-submarine warfare is also more advanced. The US submarines are quieter and thus harder to detect than Soviet submarines. More significantly the US keeps 55 to 75 per cent of its submarines "on station" (i.e., at duty in the seas) at all times, while Soviet submarines are on station at most about 15 per cent of the time. Hence at any given point, the US has at least a six-to-one edge in more survivable SLBM warheads on station in the ocean—2,700 to 300.³⁰

Thus the only effective force which the Soviets have, the land-based ICBM force, was now being sought to be greatly pruned by the Americans. This was obviously unacceptable to the Soviets. It is also a fact that the Soviets have only recently modernised their land-based ICBM force—by putting multiple warheads on the missiles—fully a decade after the US had done so. It was this delayed modernisation which was being portrayed by conservative American publicists as a "relentless nuclear build-up".

While demanding of the USSR to downgrade its ICBM force, the START proposal would neatly allow the Americans to retire a number of older nuclear systems and deploy new systems such as MX.

missile and the Trident D-4 SLBM. The Reagan proposal was also silent on the subject of nuclear warheads transported by bombers and Cruise missiles, where the US maintains an overwhelming edge in both quantitative and qualitative terms. Thus, as an observer put it, the START proposal appeared as "largely designed to wrap the Administration's strategic modernization programme in an insulated blanket of arms control".³¹

The reference by Reagan to missile throw-weight was an attempt to resurrect the notorious "throw-weight gap" of the 1970's. When certain US strategists point out that Soviets have a large edge in throw-weight—12 million pounds of the Soviet nuclear forces to four million pounds of the American forces—they are only referring to the throw-weight of the missiles. If the bomber force were also to be included, the Soviet edge is replaced by a US edge of about 24 million pounds to the Soviets' 17 million pounds.³² Even if one considers the missile throw-weight alone, the larger throw-weight of the Soviet nuclear weapons stems from a weakness. To estimate the effectiveness of a nuclear weapon, its throw-weight must be seen in conjunction with factors such as the accuracy of the missile. The Americans, with their more sophisticated electronic guidance systems and their ability to effectively miniaturise nuclear warheads, have increased their missiles' accuracy and reduced the throw-weight. The Soviet warheads have remained less accurate and heavier.

The START initiative of Reagan, just like the "zero option" proposal, appeared more as a propaganda move to demonstrate interest in arms control, and less as a genuine attempt to reduce the dangers of nuclear confrontation. The Soviets, in contrast, argued at the START talks for a continuation of the SALT II framework. They called for a phased reduction of all the nuclear forces—including bombers and Cruise missiles—to a level 25 per cent below the forces levels mutually agreed under the SALT II treaty. The Soviets also suggested a number of confidence-building measures such as banning foreign bombers and aircraft carriers in zones near each country, notice of mass take-off of forward-based heavy bombers and aircraft; and safe zones for submarines.

However, given the basic divergence of the two positions—the Soviets for a continuation of SALT framework and equal security at a lower level of nuclear forces for both sides and the US calling for a dramatic restructuring of Soviet forces—there never was a possibility of an agreement. For the Soviets the deployment of Pershing II and Cruise missiles in Europe represented a strategic threat and a violation of the SALT process. They had little option but to discontinue the START negotiations once the deployment took place in Europe.

Reagan's Nuclear Strategy

To understand the pseudo disarmament proposals of Reagan and the current crisis in strategic nuclear arms control we must turn back

to the evolution of the American nuclear doctrine. We had earlier briefly referred to the switch from deterrence and nuclear war-dissuasion to flexible response and nuclear war-fighting. The entire "credit" for the current nuclear crisis does not go to President Reagan. The process began and gathered momentum under Nixon, Ford and Carter. President Reagan has only accelerated the evolutionary process towards nuclear war-fighting strategy with greater vigour, and perhaps even greater candour. If the flexible response initiative of Schlesinger in 1974 and the limited nuclear war proposed by Carter in Presidential Directive 59 in 1980 are milestones in the evolution of US nuclear war-winning strategy, the current nuclear posture of Reagan marks the culmination of this horrendous doctrine.

An outline of Reagan's posture was available when sections of a secret document of the Administration called the *Annual Defense Guidance Statement* were leaked by the *New York Times* in the summer of 1982.³³ The *Defense Guidance*, Pentagon's projection of nuclear needs through 1988, advocated that a "protracted" nuclear war was possible and that the US must have the ability to "prevail" in a nuclear war and emerge victorious. The document set forth a requirement for American nuclear forces to have the capability to "render ineffective the total Soviet (and Soviet-allied) military and political power structure". It further states that should deterrence fail and strategic nuclear war with the USSR occur, "the United States must prevail and be able to force the Soviet Union to seek earliest termination of hostilities on terms favourable to the United States" (emphasis added). In pursuance of this strategy the US Department of Defence has also unveiled its new Single Integrated Operational Plan (SIOP-6), which is only the sixth new central nuclear war plan for the US since 1960. It is the single national level plan that establishes targets, options and allocation of nuclear weapons for worldwide use. SIOP-6 will provide practically unlimited capability to use nuclear weapons to any tactical advantage in a war. And through a combination of new, more accurate and survivable weapons, and a massive upgrading of command, control, communications and intelligence (C³ & I) machinery, the intent is to implement a nuclear war policy that ensures limitation, control and victory.³⁴

In this desperate search for a nuclear war-winning capability, the Reagan Administration has tremendously accelerated the nuclear weapons build-up. According to a recent study by analysts at Washington based, Centre for Defense Information, spending on nuclear weapons has more than doubled since President Reagan took office three years ago. Over the next six years, they report, the share of the US military budget devoted to preparations for nuclear war is projected to continue its rapid growth, accounting for some dollar 450 billion, a 22 per cent of the total military outlay for that period. By 1992, some 17,000 new nuclear weapons will have been made in the US—an amazing average

of five per day for the next decade.³⁵ Among the major systems under development are the MX missile, the Trident D-5 SLBM, the Cruise missiles including the advanced "stealth" Cruise missiles, the B-1B long-range bomber, third generation nuclear weapons such as Xaser (X-ray laser), Electromagnetic Pulse (EMP) bombs, anti-satellite weapons and space-based laser weapons for anti-ballistic missile use. The rationale for all these expensive systems emerges from the needs of a nuclear war-fighting strategy.³⁶ It is also not surprising then that the increasing reliance of American armed forces on nuclear weapons should get reflected in a progressive "nuclearization" of training exercises and other war preparations. The effect of this trend was recently revealed: "We have revamped the training command in order to teach our people how to think nuclear", Admiral Powell Carter told the Senate Armed Services Committee. "We are extending to where all our exercises are into a nuclear phase."³⁷

It is this unrelenting American quest for nuclear superiority, and the Pentagon's untiring effort to create for its nuclear strategic forces "an invulnerable offence as well as an impregnable defence",³⁸ which forms the crux of the current nuclear crisis. Such an adventurous nuclear strategy cannot obviously be compatible with any attempt to limit or control nuclear weapon deployment and development.

The Lurch Toward Armageddon

While the US search for strategic nuclear superiority is real, the fact remains that it is an illusory search. A number of respected Western strategic thinkers such as Lord Mountbatten, British Field Marshal Lord Carver, and American Admiral Noel Gaylor—all involved with the command of nuclear weapons—have unequivocally stated that a "limited" or "controlled" nuclear war is an impossibility and the cherishing of these plans in the Western armed forces can be a dangerous delusion.³⁹ There can be no agreed rules and conditions under which a nuclear war will be fought. Any nuclear exchange at any level would inevitably lead to an all-out nuclear holocaust.

But do the Soviets believe in a nuclear war-fighting strategy? A number of apologists for Pentagon have sought to argue, in order to justify the current American strategy of "prevailing" in a nuclear war, that the Soviets do believe in nuclear war-fighting. A comprehensive Western analysis of the Soviet writings on nuclear war proves that the Soviets do not believe in nuclear war-fighting.⁴⁰ The Soviet position has been that the inexorable logic of nuclear weapons would make it impossible to limit or control a nuclear war after it had been initiated. It is for this reason that the Soviets have always been committed to a "No First Use" policy for nuclear weapons. However the United States has refused to accept such a policy, most recently suggested as an arms control measure by Robert S McNamara and others.⁴¹

The Soviet response to the Pershing and Cruise missiles has

undoubtedly been harsh. The Soviet decisions to increase the deployment of its missiles in Europe and to place the USA under the same threat as it now faces from forward-based Pershing and Cruise by increasing sea-borne missiles on the American seaboard show the Soviet determination not to allow the US to regain strategic nuclear superiority. The Soviets believe that their patience and good faith in putting forward a number of arms control proposals at Geneva has not yielded results. Their proposals to ban anti-satellite weapons and control arms race in outer space have been dashed by Reagan's "star war" schemes. They also realise that the US is unwilling to give up any of its proposed counterforce systems such as MX, Trident and Cruise missiles. If these developments continue, their strategic parity with the US would most certainly get eroded. The Soviets also see that the Reagan Administration is determined to tear apart the fragile structure of nuclear arms control so painstakingly built over the last two decades. The humiliations which the Soviets suffered worldwide in the era of American nuclear dominance have not been forgotten, and never again would they allow themselves to be placed in a similar situation.

But the American action in Europe and the Soviet response make the world a more dangerous place to live in. The sheer density of nuclear weapon deployment in Europe would register a manifold rise undermining the security of the entire world. A spatial proliferation of nuclear weapons around the globe, particularly in the seas, would be another major consequence. Ships and submarines of the USA and USSR carrying nuclear weapons would soon operate "cheek-by-jowl". The sea-based nuclear weapons, for various technological reasons, are less amenable (than land-based forces) to command and control from the home territory. Less controllable and highly accurate counterforce weapons near the territories of the two states would be highly destabilising and would increase the risk of a nuclear war. There is also the possibility that with these "trip-wire" nuclear forces so very close to their territories, the two powers would be forced to shift to a launch-on-warning strategy. This doctrine calls for the launching of one's nuclear weapons on warning from computer-controlled radar systems even before establishing that an actual attack is under way. New weapons like Pershing II and the proposed Soviet systems near the US, with their very short flight times, would most certainly force the launch-on-warning strategy on the USA and the USSR. Experience in the nuclear age has shown that computer-controlled warning systems are error-prone, as are the human beings manning them. All these prospects of the current nuclear crisis make an accidental nuclear holocaust, triggered by a human error or machine malfunction, very likely.

The entire responsibility for the current nuclear crisis must be laid squarely at the doors of the US policy. The more common and popular view is that the two "super powers" are locked in an

ever escalating action-reaction phenomenon of the nuclear arms race. These views have been lent further credibility by some Left-wing intellectuals of the European peace movements, most notably Prof E P Thompson. They argue that there is an isomorphism between the American and Soviet nuclear policies, which are nothing but the mirror-images of each other. Even a cursory look at the history of the nuclear era would show that nothing can be farther from the truth. The nuclear era moved from a phase of US nuclear monopoly till early 1950's, to a phase of absolute American superiority till late 1960's. It was only in the 1970's that the Soviets acquired a broad measure of strategic parity, as symbolised by the SALT process. The nuclear arms race was initiated and continually fuelled by the United States. Almost every single major escalatory step in nuclear weapon development has been taken by the United States (see Table below), and the Soviet Union had to respond.

TABLE I

<i>Weapon</i>	<i>USA</i>	<i>USSR</i>
Atomic bomb	1945	1949
Intercontinental bomber	1948	1955
Hydrogen bomb	1951	1953
ICBM (test)	1958	1957*
ICBM (advanced)	1962	1968
SCBM	1960	1968
Multiple warhead missile	1964	1973
Multiple independently targeted reentry vehicle (MIRV)	1970	1975
Long-range cruise missile	1982	?
Neutron bomb	late 1970's	?

*The clumsy Soviet ICBM — which for lift-off had 20 rocket engines the size of the German V-2 rocket operating in tandem—provided essentially an emergency operational capability, and only a handful were deployed. The US Atlas ICBM tested in 1958 was a regular operational system and over 100 were deployed.

SOURCE: William H Kincade, "Over the Technological Horizon: US Defence Policy in the 1980's", *Dacalus*, Winter 1981, p 124.

And at every stage the USSR called for effective nuclear arms control—from the Gromyko plan of 1945 to ban the bomb and the Rapacki Plan of 1957 to make Europe a nuclear free zone to the latest Soviet proposals to prohibit an arms race in outer space. At every stage the US believed that the tremendous technological lead it had would give it the political benefits of nuclear monopoly. It is the same belief of the US that its supremacy in aerospace, materials and electronics technologies would allow it to break out of the political limitations of the strategic parity of the 1970's, that has led to a fresh cycle of nuclear arms development. The only altered fact is that an enormously stronger Soviet Union is much closer behind the USA than it was in the earlier cold war period. It is also the dangerous belief of the US that

a nuclear war can be fought and won and the accelerated preparations for such a strategy which have perpetrated the current nuclear crisis:

It has also become common to argue that given the enormous consequences of a nuclear war—the real possibility of the extinction of man as a species—it is no longer important to look at the historical causes which are leading us to this impasse. Without looking at the origins and evolution of the current crisis, the struggle for peace and disarmament can easily get derailed, however sincere it may be. The current crisis in nuclear arms control, triggered as it is by the American quest for nuclear superiority, must also be located in the broader transformation of US foreign policy. The tactical shift in the US towards seeking some accommodation with the USSR, as symbolised by the *detente* in the 1970's, now stands reversed. The US is shedding its Vietnam-induced inhibitions about interventions abroad. The more aggressive American foreign policy posture since the late 1970's is not only directed against the Soviets but also against the revolutionary movements in the Third World, against the movements for independence and non-alignment in the South. The belief in Europe today that the current cold war is symbolic of the so-called "fracture" in Europe, is not completely true. It is as much rooted in the fact that in the 1970's the US suffered severe setbacks in a number of Third World regions. As Brzezinski, former National Security Adviser to President Carter, stated, "SALT lies buried in the sands of Ogaden".⁴³

In Europe, there is a lack of appreciation of the contribution to the new cold war by the pressures of US policy in the Third World. And in the Third World there is near complete ignorance of the nuclear issues and the cataclysmic consequences of the current nuclear impasse. As we noted earlier, the Third World would not be spared the consequences of a nuclear war. Not only that, the current American nuclear build-up would be used very effectively to blackmail the Third World, to roll back all social change frowned upon by the US. The history of the nuclear era tells us that the US did consider the use of nuclear weapons in Vietnam, following the fall of Dien Bien Phu, in the Quemoy-Matsu crisis against China, and in the Korean war. It also resorted to nuclear alert during the 1973 Arab-Israeli war.⁴⁴ The American quest for nuclear supremacy must be seen with its full significance in the Third World, at least by those who are fighting the obstacles against social transformation. Hence it becomes imperative to build a powerful peace movement against the US nuclear policies.

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2 For a comprehensive survey of the origin of tactical nuclear weapons in Europe, see Milton Leitenberg, "Background Information on Tactical Nuclear Weapons", in SIPRI, *Tactical Nuclear Weapons: European Perspectives*, London, Taylor & Francis 1978, pp 3-136.

- 3 David Holloway, "Nuclear Weapon in Europe", *Bulletin of the Atomic Scientists* (Chicago), April 1983, p 18.
- 4 The summary of the study was released in 1968 in a heavily censored form, *Review of a Systems Analysis Evaluation of NATO vs. Warsaw Pact Conventional Forces*, Report of the special subcommittee on National Defence, Posture of the Committee on Armed Services, US House of Representatives, 90th Congress, September 4, 1968, 15 pp.
- 5 Cited in Leitenberg, *op cit*, p 23. For similar conclusion on NATO's superiority see J R Schlesinger, *European Security and the Nuclear Threat since 1945*. RAND paper, April 1967, p 3574.
- 6 Dan Smith, *Defence of the Realm in the 1980s*, London, Croom Helm, 1980.
- 7 Sverre Lodgaard, "Theatre Nuclear Weapons: The NATO Doctrine", in Mary Kaldor and Dan Smith (eds), *Disarming Europe*, London, Merlin Press, 1982, p 68.
- 8 Raymond Garthoff, "The Soviet SS-20 Decision", *Survival* (London), May / June 1983, p 115.
- 9 US Department of Defence, *The Theater Nuclear Posture in Europe*, a report submitted to the US Congress in compliance with Public Law 93-365, Washington D C, 1975.
- 10 See Raymond Garthoff, "The NATO Decision on Theater Nuclear Forces", *Political Science Quarterly* (New York), summer 1983, p 211.
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- 16 Garthoff, "The NATO Decision...", *op cit*.
- 17 Strobe Talbott, "Arms Control: Behind Closed Doors". *Time*, December 5, 1983, pp 15-23.
- 18 Christopher Paine, "Curtain Rises on the European Nuclear Theatre", *Bulletin of the Atomic Scientists*, October 1983, p 8.
- 19 Herbert York, "Bilateral Negotiations and the Arms Race", *Scientific American* (New York), October 1983, pp 149-160.
- 20 For a discussion of Pershing II in US nuclear war-fighting strategy see William Arkin, "Pershing II and US Nuclear Strategy", *Bulletin of the Atomic Scientists*, June/July 1983, pp 12-13.
- 21 See *SIPRI Yearbook 1983*, London, Taylor & Francis, 1983. pp 20-22.
- 22 Cited in *ibid*, p 67.
- 23 Interview with Olaf Palme, *Newsweek*, October 24, 1983, p 56.
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- 27 Cited in R Jeffrey Smith, "An Upheaval in US Strategic Thought", *Science* (Washington D C), April 2, 1982, p 33.
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- 30 Romm, *op cit*.
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- 34 William M Arkin, "Why SIOP-6", *Bulletin of the Atomic Scientists*, April 1983, pp 9-10,
- 35 "Thinking Nuclear", *Scientific American*, December 1983, p 76.
- 36 For a primer on these systems, see *The Defence Monitor* (Washington D C), Vol X, no. 8 (1982); *The Nation*, April 9, 1983.
- 37 Quoted in *Scientific American*, December 1983, p 76.
- 38 "The Search for a Nuclear Sanctuary", *Science*, July 8, 1983, p 133-138.
- 39 See (a) Mountbatten's last speech, "On the Brink of the Final Abyss", *The Defence Monitor*, May 1980, pp 1-4; (b) Lord Michael Carver, "Nuclear Nonsense", *Bulletin of the Atomic Scientists*, April 1982, pp 5-7; (c) see also Desmond Ball, "Can Nuclear War be Controlled", *Adelphi Papers* (London), No 169, Autumn 1981.
- 40 Robert L Arnett. "Soviet Attitudes Towards Nuclear War: Do They Really Believe They Can Win", *Journal of Strategic Studies*, Vol 2, No 2, September 1979, pp 172-191.
- 41 George Kennan, Robert S McNamara, Gerard Smith, and McGeorge Bundy, "Nuclear Weapons and Atlantic Alliance", *Foreign Affairs*, Spring 1982.
- 42 See E P Thompson, *The Zero Option*, London, Merlin Press, 1982; For reactions to Thompson's views, see *Notes on Exterminism*, London, NLB, 1982.
- 43 Cited in K Subrahmanyam, "The Second Cold War", *Strategic Analysis* (New Delhi), May-June 1983, p 73.
- 44 See K Subrahmanyam, "Nuclear Weapons and Social Conflicts", *Strategic Analysis*, August 1983, pp 406-414.

NOTES

Method, Metaphysics and Theory: Some Reflections on Reading Marx

THIS BRIEF COMMENT on Marx is a tentative intervention in an ongoing debate on how to read Marx. Most recently we have had an interesting stricture on how to construe Marx by an Indian Marxist scholar.¹ I think central to most of this discussion remains the troublesome but inescapable question of the epistemological relationship between method, theory and metaphysics. The conventional recommendation used to be to read Marx as a dialectical materialist, in which case the element of metaphysics persisted, but, with Althusser's intervention, a positivistic turn seems to have been taken. We have now Cohen's functionalist-linguist analysis, not to speak of the efforts to accommodate Marx to phenomenology.² Now in all this bewildering array of interpretations and counter-interpretations, it may be naive but necessary to ask the simple question: What remains of Marx in the current neo-Marxist and academic Marxist and bourgeois assaults on the revolutionary Marx, the Marx of the proletarian historical destiny?

It appears to me that the advanced capitalist systems are now successfully co-opting Marx via neo-scholasticism and an ironically Marxist transformation of Marx into a commodity in the bourgeois intellectual market-place. I am not suggesting that the recent rash of Marxist exegesis is misplaced altogether or that it has not advanced our knowledge of Marx. I am merely asking the question: How does it all relate to praxis? It may well be that in the non-Communist West Marx is becoming increasingly over-theorised (in the fashion of German philosophy in Marx's own reading of it in *The German Ideology*) simply because praxis appears to be unavailable. This defensive and scholastic Marxism tries to accept a variety of critiques of Marxism and then explains the alleged weaknesses of Marx by resorting to very sophisticated bourgeois intellectual tools. One of the easiest ways out has been to argue that one must separate Marx's method from its specific applications and their results. This approach rests on a theoretical separation between the empirical and the epistemological in Marx's work. Marx's defects are attributed to a lack of necessary or adequate empirical data, which once available would help the Marxist method to arrive at a

correct theory. The other ruse is to formulate the Hegel-Marx relationship in such a way as to arrive at a metaphysically denuded Marx.

It is against this contemporary background that I propose to use the *Grundrisse*³ to arrive at my own reading of the problematic. For this purpose, I start with three categories—method, theory and metaphysics. First, I assume that these three are structurally inter-dependent categories such that statements about any one of them must involve reference to the other two to some extent. By theory I mean a systematic statement about what one claims to know such that it tells one about the structure, internal relationships and inter-structural relationships about what is “reality”. By metaphysics I mean an *a priori* commitment to an overall view regarding the nature of “reality”. Now, my contention is that the method we adopt presupposes a metaphysic, and that the theory we propose or advocate presupposes also such a metaphysic. The metaphysic may be invisible but no theory or method can occur outside a metaphysical context. Indeed, and paradoxically, claims to being anti-metaphysical can be shown at bottom to be metaphysical in their own way. Now let me turn to the *Grundrisse*.

The Notion of the Historical-General

In the Introduction, Marx refers to what he calls “illusion” which has been and continues to be “common to each new epoch to this day” (p 83). Now, how can one discover that this is an illusion and by what method can one know reality? Part of the answer to this query is the definition of the illusion itself. We may call it the naturalistic illusion insofar as it arises because of understanding a human phenomenon, say, production, as if it were natural in the sense of being the product of “human nature”, an ahistorical category. The method recommended for piercing through the illusion to the bare bones of reality involves history, “historical footing”, which Marx credits Steuart with, to some extent (p 84). To be “historical”, and to use the historical method is to start from the present and then go back, in order to know the reality about a thing. In other words, to know a thing *now* is to know it as the present condensation of a historical process. But this exercise would also reveal that a thing is a summary present code for a complex reality, involving a whole set of specific relationships with things such that they tend to cohere into a “whole” or a totality. But Marx also appears to fall into the naturalistic fallacy when he states, “... The human being is in the most literal sense...not merely a gregarious animal, but an animal which can individuate itself only in the midst of society...” (p 84). (The quotation uses the Greek expression for a political animal). In saying that man is a social and political being, can Marx be accused of abandoning the historical category for a natural category? I think not, if we take into account the method used, which is to go back in history to arrive at a general category. In this sense, this statement is a historical general, not a historical specific. This

notion of the historical-general is more explicitly elaborated a little later when Marx refers to the notion of "production in general" (p 85). Production in general is not ahistorical because it has been abstracted out of historical experience, and hence fully grounded in a historical matrix. Yet it is not a historically specific category capable of being tied to a specific historical epoch. In Marx's words, "...*Production in general* is an abstraction in so far as it really brings out and fixes the common element and thus saves us repetition..." (p 85). But whether a component is general and how general are not *a priori* issues, but historically ascertainable matters. One can only be fascinated by Marx's methodological subtlety when he argues that the postulate of production in general does not imply that there really exists in empirical fact any such phenomenon. As Marx asserts, "... If there is no production in general, then there is also no general production. Production is always a *particular* branch of production—e g agriculture, cattle-raising, manufacture etc. — or it is a *totality*..." (p 86). No doubt what follows in the original text is somewhat unclear and abrupt. But what seems to be fairly clear is the fact that the historical method yields two kinds or levels of understanding, or perhaps one should say two moments in an epistemological process. One is the historical general and the other is the historical particular. But these are epistemologically interdependent categories, and further there is also an epistemological priority involved in the sense that the historical particular has an epistemological, because ontological, priority. The historical general is a later methodological product derived from abstracting from a cluster of related historical particulars. The crucial epistemological point to note here is that the Marxist category of the historical general should not be confused with the bourgeois epistemological process of eternalising the historical specific in order to theoretically abolish its historical specificity. In Marx's own words, the bourgeois political economists attempt "to present production—see e g Mill—as distinct from distribution etc., as encased in eternal natural laws independent of history, at which opportunity *bourgeois* relations are then quietly smuggled in as the inviolable natural laws on which society in the abstract is founded..." (p 87).

In short, Marxist historical methodology does not abolish abstractions or generalities, but it rejects fully *historically ungrounded* abstractions and generalities. The basic methodological point here is that historically grounded generalities and abstractions can be translated back into the historically specific components from which they were derived in the first place. The Marxist historical methodology also means that the process of de-constituting the historical abstraction or generality implies a historical re-constituting of the components of that abstraction or generality into a totality of necessary relationships. But the bourgeois methodology of the political economists avoids precisely doing this. Abstraction, as Marx saw, was the work of the "mind" but

not an arbitrary concoction by it. Historical specificity constrains the process of constituting a historical abstraction or generality. In the bourgeois methodology, abstraction has no such historical dependence. Even so Marx warns that it would be an illusion to suppose that "abstract moments" can automatically reveal the reality of historical specificities without a reverse process of de-constituting the historical general or the abstract.

The Subject and the Object

Besides the abstract-specific aspect, the Marxist methodology presupposes a second relationship between the subject and the object. In methodological vocabulary, this leads to the processes respectively of subjectification and objectification, which are both real-life processes as well as epistemological processes. As Marx saw, the positing of the subjective and the objective as methodologically separate and yet structurally related involves the positing of a mediating agency. To quote Marx: "... The person objectifies himself in production, the thing subjectifies itself in the person; in distribution, society mediates between production and consumption in the form of general, dominant determinants; in exchange the two are mediated by the chance characteristics of the individual..." (p 89). But Marx argues that the relationship between the subject, object and the mediating determinant can be constituted into a "shallow" coherence. The important point seems to be that the issues of "coherence" is not a conceptual problem in the ultimate analysis, but a constituent element in a theory which tries to comprehend the relevant reality. In other words, political economy's theoretical rupture between the spheres of production and distribution derives its epistemic validation not within that theory but from the reality which that theory attempted to capture. In Marx's own telling critique of those critiques of the political economy which reduced the reality problem into a purely conceptual or methodological problem, "... As if this rupture had made its way not from reality into the text books, but rather from the text books into reality, and as if the task were the dialectic balancing of concepts, and not the grasping of real relations..." (p 90). In other words, the Marxian dialectic as a method of grasping reality is first a dialectic of real relations, and only in the context of this dialectic, it functions as a dialectic of concepts. Obviously Marx is assuming here a certain priority of the ontological over the logical and the methodological tools. But even this is a misleading reading insofar as these methodological-logical tools are themselves ontologically structured and situated. In a very fundamental sense, Marx seems to be battling here epistemologically with the dialectic of the dialectic itself.

In his incisive analysis of the political economy categories, Marx ties up the subject-object distinction methodologically with the general-specific problematic. The specificity relates to the subjective aspect,

while the generality relates to the objective aspect, and here we may regard the subjective as an aspect of human intervention. In Marx's example of hunger and its satisfaction, we find that the object that satisfies hunger (of a subject) is not just any object, but a specific object, a historically determined phenomenon. Hence, hunger which appears to be general *also* becomes transformed into a historical-specific phenomenon. It becomes epistemologically subjectivised *but without losing its objective nature as a historical reality*. Thus reality is a dialectical unity of the general and the specific, the subjective and the objective. Reality is the totality of the historically formed inter-relationships between the subject and the object, the general and the specific. They cannot be reduced one to the other, but only related to each other such that their objectivity and subjectivity are both epistemologically recovered and preserved.

What is the nature of this dialectical unity and relationship? Could one say that the subject/specific and the object/general aspects are in some essentialist or transcendental sense identical? Marx points out that such a formulation of identity would be a Hegelian epistemological move. Marx rejects the Hegelian formulation of the subject-object relationship of identity. To convert heterogeneity into homogeneity in such an easy manner is to look at reality "speculatively" and "wrongly" (p 94). What Marx seems to be suggesting is that this relationship is not one of identity but one of interdependent historical "moments". Once the subject relates itself to an object, then neither the subject remain the same as before. They are transformed through an interpenetration. But, and this is crucial, Marx makes the subject the primary focus of the historical process, when he says, "... The individual produces an object and, by consuming it, *returns to himself*, but returns as a productive and self-reproducing individual..." (p 94; *Italics added*). What is the epistemological implication of this journey of the subject returning to himself after his encounter with the non-subject or the object? I suggest that the thrust here is towards praxis, and the focus on an active subject, active as intervening in the historical process. Though the subject is an active subject, he is also a historical subject encapsulated in a historically, and hence objectively, determined situation. There are no easy solutions for man, excepting to undertake this complex journey from the subject to object, and back to the subject. Conceptual and theoretical interventions must be located within the problematic of the praxis, never fully disclosed in advance epistemologically but always presented as part familiar and part unfamiliar.

The Double Journey

A third issue raised by Marx in a methodological context is the issue of the concrete and "the real". Marx rejects as false the methodology of beginning with the "real and the concrete", the given

historical surface. The reason is that the given is not really the real and the concrete, but already an abstraction. In other words, epistemologically the categories of political economy give us processed abstractions, not real and concrete entities. But Marx does postulate that there are such entities which the political economy categories have abstracted. This means that these abstractions can be de-constituted into some more elementary concrete and real entities. Or to use Marx's own language, the political economy categories rest on such "elements". Now Marx points out that the universe of such primary elements would lead to a "chaotic conception", the *Vorstellung* (p 100). But history is not chaos, but a humanly constituted cosmos. Political economists have created their own version of the cosmos in the context of their existential-historical situation. We cannot accept their epistemology and categories without accepting their historical content. But we are not they, and we have our history to live. Hence, we, too, shall have to work methodologically back to the primary chaos and return with our own achieved history, our own praxis. The journey involves a return to simpler concepts (*begriff*) and beyond them to the epistemological terminus of "the simplest determinations" (p 100). Knowledge then is a process of constituting a whole and a totality through praxis. But there is a wrong methodology, that of the political economists, which involved only one journey: Not only are both the journeys necessary—the journey from cosmos to chaos but also a journey from chaos to cosmos—but these journeys must be performed in the right sequence. The first is the journey from the given cosmos to its decomposed chaos and the return journey, the second journey, from that chaos to its newly re-constituted, perhaps enriched and more true, cosmos. The methodological sin of political economy in this epistemological framework is that it performs only one journey and that too the wrong journey. It tries to begin with a chaos or at least imagines that it does so, and then tries to constitute a cosmos. Why is this method wrong? Marx holds it to be wrong because chaos is already shot through with a cosmos, and therefore one can see the chaos only after one has worked towards it through grasping its embeddedness in a given cosmos. Otherwise one simply mistakes a cosmos, a given cosmos, for a chaos. One cannot begin with a chaos because one cannot begin without a structured and given history. While the first journey involves the determination of the concrete through the abstract, the second journey involves the emergence of a more concrete, and hence more real, abstract, the historical abstract, not an empty abstraction. But Marx does not regard this as a merely methodological or theoretical operation with, and on, concepts, without reference to a reality. Indeed, the knowledge so produced is not a simple theoretical structure, but it is a structure in basic relation to a concrete reality, a historical reality. Marx accuses Hegel of failing to see this by falling "into the illusion of conceiving the real as the product of thought concentrating on itself,

probing its own depths, and unfolding itself out of itself, by itself, whereas the method of rising from the abstract to the concrete is only the way in which thought appropriates the concrete, reproduces the concrete in the mind" (p 101). Marx, however, adds the important rider, "...But this is by no means the process by which the concrete itself comes into being..." (p 101).

This formulation poses an important issue: If the process of knowledge formation is different from the process of reality formation of which knowledge is a knowledge, how are the two processes related? No doubt, here Marx is anxious to preserve the relative autonomy and distinctiveness of the theoretical and the practical modes of production. The epistemological problematic then turns out for Marx to be one of establishing the relationship between the two modes, which occur within a common historical framework. What Marx calls "a philosophical consciousness" reduces one-sidedly reality to what is comprehended theoretically through a thought-process. But the autonomy of this cosmos cannot be immune to the incursions, "jolts", *from the outside*. What is this "outside"? Marx concedes to this knowledge the status of the "concrete totality", though "a totality of thoughts, concrete in thought, in fact a product of thinking and comprehending" (p 101). But this thought-structure is not a Hegelian structure, a pure thought, because it is structurally dependent on reality, as produced through "observation and conception". This is an epistemologically valid structure, but it does not liquidate ontologically the "real subject" with "its autonomous existence outside the head just as before; namely as long as the head's conduct is merely speculative, merely theoretical..." (pp 101-102). How are the two, what is in the head, and what is the real subject, related? Marx holds that the latter has the status of being a "presupposition" of the former. Up to this point Marx seems to maintain that the real world is presupposed by the theorising subject but as a theoretical construct in terms of concepts. The epistemological status of this theoretical construct is precarious, tied to the perpetual probability of its being jolted by the as-yet theoretically non-appropriated concrete reality. This would appear to be very close to the epistemological model of natural sciences/physical sciences, where the empirical/concrete claims a superiority and priority. But is this really so? Not quite, if we keep in mind the methodology of the double journey. The positivistic paradigm of science does not build into its methodology the role of the subject, and double journey does precisely this.

Marx does not foreclose the issue of "simpler categories" chronologically prior to "more concrete ones", having "an independent historical or natural existence". But these categories are assigned a specific role, that of either expressing the "dominant relations of a less developed whole" or "those subordinate relations of a more developed whole which already had a historic existence before this whole developed

in the direction expressed by a more concrete category" (p 102). This is an important issue from the perspective of understanding a historical development. Does Marx here presuppose a teleological assumption about development? The answer is both yes and no. Yes, if the teleos is a historically determinate teleos, not a transhistorical teleos. No, if it is a teleos located outside the process of history. Marx analyses the notion of historical development as a complex phenomenon, involving development but not always corresponding historical maturity. What Marx seems to be suggesting is that a society that is less developed as a totality may contain isolated components of a genuinely more developed society. But such components acquire their developmental charge, so to say, only when its total context is developed to a certain stage. Marx also concedes the historical possibility of an element belonging to a more advanced social formation being more developed in a less developed social formation. In other words, what Marx is trying to say is that societies must be grasped as structural wholes of inter-related parts, and that while societies can be ranked according to a developing scale, their internal parts do not have any one-to-one developmental correspondence. For instance, society X may be more advanced than society Y, but component A in society X may be less developed than in Y. Whatever may be the particular historical developmental schema one may adopt, there is no question that Marx's methodology presupposes the need for such a schema, and further that this, in its turn, presupposes a developmental teleos, rooted in history. Any attempt to generate free-floating notions of society untied to developmental-historical process in stages would be hardly consistent with Marx's methodology. Following his methodology of starting from a historically available whole to go backwards to identify the earlier stages, Marx logically makes the modern bourgeois society his starting point. But it is clear that his methodology considers it possible to understand the earlier forms *only through* this backward journey. It is not possible to constitute these vanished forms through some empirical method, divorced from this methodological journey. The sequence of the stages, and hence the historical-stage schema, are "determined, rather, by their relation to one another in modern bourgeois society..." (p 107).

A Summing Up

Summing up, one may suggest that Marx's method involves an effort always to begin with the present and work back historically in order to understand the present more clearly as a structure of inter-related components. If this implies that one must start with the most advanced modern social formation, it also implied for Marx that the bourgeois society was the starting point for the journey backward. It would be a gross mistake to label this Euro-centrism. What is crucial is not the place but the structure of society. Marx also does not seem to have recognised or allowed for the possibility of earlier stages

excepting through their relationship to the modern bourgeois society, not superficially but as a consequence of his methodological premises. Even if such attempts to reconstruct earlier social formations, *independently of their relation to the bourgeois form* are made, such efforts cannot be assimilated to a Marxist epistemology excepting through their relationship to the bourgeois society. This dependence is implicit in the whole notion of historical development. If one rejects this assumption, one can do so only on grounds other than those Marx presupposed.

If the preceding reading is not altogether incorrect, then it follows that one cannot separate Marx's theory and metaphysics beyond a certain point. By Marx's theory I mean all full-blown theoretical structures constituted by Marx himself, by employing his methodology, as adumbrated above. Further, Marx's methodology presupposes a metaphysic about the validity of knowledge. Hence, dialectical materialism cannot be, in the final analysis, detached from his methodology in the name of improving, correcting or updating Marx. This is not to say that one must repeat simply whatever Marx said. It is simply to assert that to claim to work within Marx's framework is to accept the methodological, theoretical and metaphysical presuppositions of that framework.

K RAGHAVENDRA RAO*

- 1 I am referring to Dr Sudipta Kaviraj's penetrating and lucid paper, "On the Status of Marx's Writings on India," *Social Scientist*, Vol. 11, No. 9, September 1983. However, while I am in broad agreement with his conclusions, I am somewhat sceptical about the need for using the arguments of intentionality and the allegedly Hegelian notion of the logic of contrastive definitions. A footnote is no place to go into my grounds for doing so, and, in fact, I am currently at work on a critique of this position.
- 2 For instance, in R W. Bologh's fascinating work, *Dialectical Phenomenology—Marx's Method*, Routledge and Kegan Paul, London, 1979.
- 3 All references are to Karl Marx, *Grundrisse*, London, Penguin Books, 1973. Nicolaus's translation has been questioned on points, but I am not competent to go into this matter. I shall accept his version with all the consequences and entailments.

Santosh Kumari Devi: A Pioneering Labour Leader

THROUGHOUT the second half of the 19th century anti-imperialist national consciousness in Bengal was gaining in depth and clarity. As early as 1876-77 the leaders of the Indian Association were touring the major cities of India to popularise the then national demands and to give the organisation a truly all-India character. In 1878 the first embryonic national protest against the British misrule took place in the shape of country-wide protest meetings against the Vernacular Press Act. By 1880 serious efforts were being made by the radical sections of Bengal nationalists to organise the peasantry and at least seek amendment of the tenancy laws. But few, very few among them, had turned towards the working class, although there were quite a large number of jute, engineering and railway workers as well as tea garden labourers in Bengal.

Two Brahmo reformers, Ramkumar Vidyaratna and Dwarkanath Ganguly, at great personal risk to themselves, went to Assam and exposed oppression of tea garden coolies.¹ However, they were moved by nationalist and humanist motives and there was no question of a scientific approach to the working class and its problems. A little earlier in the 1870's other Brahmo reformers had started papers for uplifting the condition of our working men. Notable among them were Keshab Chandra Sen's *Sulav Samachar* and Sashipada Bannerjee's *Bharat Sramajibi*. The latter also formed a kind of working men's association called Bharat Sramajibi Sangha.² There was a spate of strikes in the last decade of the 19th century and even more working class actions during the anti-partition struggle of 1905-1908.³

However, it was only in 1919-1920 that a significant but small number of militant and radical nationalists (some of whom very soon turned communist) started organising the working class movement in right earnest. The All India Trade Union Congress (AITUC) was born in Bombay in 1920 with Lajpat Rai, the Congress leader, as its president. In Bengal, a handful of followers of C R Das also opted out for the working class movement. Among them was young Santosh Kumari Devi, the first woman to take up working class movement as her main sphere of activity, certainly in Bengal if not in the whole of India.

Born in 1897, Santosh Kumari, at 86, is quite agile and alert. Even now her whole being lights up when she describes vividly her activities in the working class movement. Her childhood was spent in Moulmien in Burma. Her mother roused in her strong patriotic

feelings. During her study in a missionary school she refused to sing "Britannia rules the waves". When the principal asked for an explanation from her, she replied: "I will be no slave". She was then only 12. Later on she started nationalist activities in Rangoon and in consequence she had to face internment and arrest at an early age.

The turning point in her life really came at the Ahmedabad session of the Indian National Congress in 1921. C R Das was to have presided over that session, but he was in jail. In her unpublished memoir Santosh Kumari writes, "Hakim Ajmal Khan presided over the session. He kept Deshbandhu's photograph on the dais and took his seat a little below the dais. We were all moved to tears. Even Mahatma Gandhi was not immune from it."⁴ This description tallies with the resume given by an official historian of the Indian National Congress.⁵

After a brief visit to Burma she came back and settled down in Calcutta and made labour movement her new field of activity. Her paternal residence was near Gouripur, close to Naihati. It was there that she first got involved in a strike of the jute workers and then built up the Gouripur Workers' Union. After that she did not look back. She was very active in the entire jute belt from Kankinara to Alambazar as records of that period clearly reveal. But before we briefly analyse the nature and content of her activities, it would perhaps be proper to have some idea of the condition of the working class in Bengal in 1920-1921.

The Working Class in Bengal in 1920-1921

During the war and immediate post-war years there was a limited amount of industrial expansion in India. In 1912-13 there were 241 textile mills in India. In 1922 they increased to 264. The number of workers also jumped from 244,000 to 327,000. There was a corresponding increase in the number of mills as well as of workers in the jute and iron and steel industries. In 1914 the number of factory workers in India was 959,000. In 1922 that number had increased to 1,361,000.⁶

The capitalists made enormous profits but there was no corresponding improvement in the living condition of workers. There was no increase in wages, but prices shot up sharply. Things came to such a pass that life became intolerable for the ordinary worker.

This was also the time when the Russian Revolution had made a strong impact on Indian public life. Its reflection becomes clear by a careful perusal of the newspapers of the period like *Atmasakti*, *Bijoli*, and *Sankha*. The first major working class strike took place in 1919. Nearly 150,000 workers downed tools with the demand for wage increase.⁷ Later on came the other demands like reduction of working hours, recognition of trade union rights etc. Working class strikes spread to different places and from factory to factory.

On the crest of this strike wave, Santosh Kumari started her

activities among the factory workers. How did she come to choose her sphere of work? Santosh Kumari has her own version: "At that time I was staying with my mother near the Gouripur Jute Mill. One day I saw that a large number of workers had assembled in a field adjoining our house. A fairly old man, possibly a Sardar, was telling the workers something. I talked to them and learnt that they were workers of the Gouripur Jute Mill where the manager was a Scotsman and there were many corrupt Sardars who extorted money from the workers. They had many other grievances and they had gone on strike demanding not only wage increase but also protesting against such unjust and oppressive practices. I told the workers that I would draft a coherent charter of demands to be placed before the manager."⁸

Santosh Kumari drafted a very competent charter of demands in excellent English and it was placed before the general manager of the Gouripur Jute Mill. The manager gave a written reply and later on came to meet Santosh Kumari. A four-day-long debate ensued between them. The mill owners said that strikes led to loss of man-days and production suffered. Santosh Kumari declared that workers had gone on strike because they had no other option. If their demands were met they would withdraw the strike. After four days of negotiations the strike was settled. The terms were: (1) Those who were arrested during the strike must be released; (2) those who had been retrenched must be taken back. This was a major victory for the workers of Gouripur Jute Mill and of the entire area.⁹

Corroboration of Santosh Kumari's version is found in official records. When Labour MPs Thomas Johnston and John F Syme officially came to visit the jute mills around Calcutta, they commented: "During the past two years the Bengal Workers Association (Santosh Kumari's organisation) had conducted 9 strikes, including one at Gauripur Mill lasting over 3 months. ...During this strike, 3000 evicted labourers had to be fed with rice and housed on Mrs. Santosh Gupta's mother's estate. 200 men made a dramatic march of 32 miles to and from Calcutta to lay their grievances before the mill agents at the head office. Since this strike Gauripur is declared to have the best working conditions and to pay the highest scale of wages."¹⁰

This growing militancy of the working class did not go unnoticed either by the British rulers or by the nationalists. A radical nationalist weekly of Bengal wrote: "The government is distinctly worried. They know very well that even if several thousands of students become restive, they can be brought under control without much effort but if the masses of the country, the peasants and workers once become conscious and organised, then it would indeed be a very tough job to put them down."¹¹

However the growth of working class militancy alarmed not only the British rulers but also a major section of the nationalist leadership. C R Das no doubt spoke about *swaraj* for the 98 per cent but he wanted

to keep the working class movement under the control of the Congress leadership, so that they could be brought into the orbit of the freedom struggle, without also taking to the path of sharp class struggle. Only a handful of radicals (who later on became communists) were already coming to the conclusion that a class conscious, organised working class movement would also be the most uncompromising fighter for national independence against imperialism.¹² Santosh Kumari, as we shall try to show later on, stood somewhere halfway between the bourgeois nationalist leadership and the early communists.

We have to pause here and refer to a different type of event involving thousands of tea garden labourers in which Santosh Kumari too played a part. In May 1921, unable to stand the oppression of White tea planters any more, thousands of tea garden labourers took to a novel form of protest. They deserted the tea garden enmasse and marched towards the nearest river port, Chandpur, in order to go back to their villages in Bihar and United Provinces (Uttar Pradesh).¹³ The British rulers sent Gurkha soldiers to Chandpur, who, on May 20, perpetrated horrible atrocities on the tea garden labourers.¹⁴

As soon as the news reached Calcutta, C R Das, J M Sen Gupta and many other nationalist leaders rushed to Chandpur. Two women leaders went with them to stand by the oppressed tea garden labourers in their hour of peril—Basanti Devi (Mrs C R Das) and Santosh Kumari.

Santosh Kumari soon came back to Calcutta and hurled herself wholeheartedly into organising the jute workers. What were her ideas then? Looking back, she says: "I went to almost all the jute mills at Naihati, Garifa, Halisahar, Bhatpara, Sodepur to organise the labourers. Over and above making them members of the jute workers' union, we set up night schools and even health centres for working women and children in some centres. Not only the workers but also the common people of these areas lent us a helping hand. Unfortunately the national leaders of that time gave little or no thought for the toiling masses. Of course I worked there in the name of the Congress and hence some of the more conscious workers were attracted towards the Congress. My concept was that the Congress should come forward to organise the working class, so that the workers in their turn realised the importance of the Congress."¹⁵

This tallies with what she herself wrote back in 1923: "All over the world to-day, a powerful movement is going on to improve the condition of the factory workers. It is the duty of every worker to participate in this movement in order to improve their own conditions and that of the country. With this aim in view the workers of Gouripur Jute Mill have come together and formed a Gouripur Labour Union. We call upon the brothers and sisters in all other jute mills to organise such unions in their own factory, thus extending and consolidating the strength of their own class."¹⁶

Such embryonic radical views were appearing among a small segment of Congress workers of that period. We find that Sampurnanand, in his speech in a political conference in U P, was defending the right to organise the working class and sharply criticising capitalists and landlord elements entrenched in the Congress leadership.¹⁷

A few leaders like C R Das, who really stood for class collaboration, however, realised that workers could not be drawn into the fold of the national movement without at least formal support to a radical socio-economic programme. That is why, presiding over the third session of the AITUC at Lahore on March 27, 1923, he uttered his famous war cry: *swaraj* must be for the 98 per cent. He added that if *swaraj* benefited only the middle class and not the toiling masses, then such *swaraj* had little value to him.¹⁸

A few months earlier, speaking at the Provincial Political Conference at Chittagong in 1922, Basanti Devi also had declared: "The working people have to be organised. National welfare is impossible without removal of their misery. The foreign capitalists fill their pockets with the wealth produced by the blood and sweat of the workers. Hence the National Congress must go forward to organise the working class."¹⁹

However, with most of the nationalist leaders and even cadres, these remained only a tall talk and empty promises. Very few nationalists took the task of organising the workers seriously. Santosh Kumari was one of this rare tribe.

Activities During 1922-1925

The years 1922-1925 saw Santosh Kumari extremely active in the working class movement. There are plenty of reports in the newspapers about her activities. Here is one such typical report: "Nearly 6000 workers of the Hajinagar jute mill near Naihati have gone on strike from 8 January. Their grievance is that new recruits have always to give bribes to a Sardar called Rahimtullah to get a job in the weaving department. The workers demanded that the Sardar be removed from his post, but the manager of the mill paid no heed to their demands. The workers then organised a meeting and invited Santosh Kumari Devi, president of the 'Gouripur Workers' Union, to address them. She advised the workers to first get organised, otherwise their strike was bound to fail. The workers of Hajinagar then formed a union."²⁰

In 1924 the AITUC held its session in Calcutta. C R Das presided over it, while Santosh Kumari became the president of the reception committee.²¹ At the close of the conference, rising to give the vote of thanks, Santosh Kumari called upon all the trade unions to work together with the Congress.²²

Santosh Kumari wrote a number of articles in different progressive journals. *Samhati* was one such journal. Jitendra Nath Gupta, himself

a press worker, was the driving force behind this monthly and it was edited by Jnananjan Pal (son of Bipin Chandra Pal) and Muralidhar Bose. In the very first issue, Gupta wrote: "Friends, for a long time we wanted to bring out our own paper that would speak for the toiling masses. The name of the paper is *Samhati* which means solidarity. This paper will try its utmost to achieve unity in our ranks."²³

In the third issue of this journal, Santosh Kumari wrote an article on the jute workers of Bengal, which was reprinted in *Atmasakti*. Santosh Kumari wrote: "A great conflict is going on to-day all over the world between the capitalists and the workers. The capitalists want to treat the workers worse than beasts but the workers are asserting their legitimate rights so that they may live in the civilised world with full human dignity. Hence a clash is inevitable. We must wake up to-day, there is no time to lose. We know that it is a difficult task for impoverished workers to stand up and fight against such powerful wealthy groups like the jute mill owners of Bengal. But what is the alternative? We are confident that all the jute workers of Bengal working in all parts of our province will respond to our call."²⁴

A few days later, in another article Santosh Kumari wrote: "The capitalists of the world are trying their best to suppress the working class by all means, fair and foul. This is totally unjust and unfair, but not at all surprising."²⁵

Rebutting the arguments of the capitalists, Santosh Kumari again wrote: "Some of the mill owners say that they are no longer making as much profit as they used to do in the past. That is why they have stopped giving allowances to the workers. Excellent argument no doubt! But may we ask: when you were making as high as 375 percent profits by your own admission, what portion of that did you give to the poor workers? And what about your luxury? Hence, are we wrong if we conclude that voluntarily you will never concede any demands of the workers?"²⁶

Santosh Kumari had no clear-cut socialist outlook. In her unpublished memoir she repeatedly asserts that she did not believe in any 'ism'. Nonetheless, her successive articles in *Samhati* and other papers clearly indicate that she was being pushed towards the politics of class struggle by her own bitter experience.

This awareness led her to plan and publish in 1924 (probably October) a weekly organ in Bengali, Hindi and Urdu. The name of the Bengali organ was *Sramik*. Santosh Kumari was its editor. Its price was one paisa. From her personal collection we have been able to obtain one issue of the journal,²⁷ from which all this information has been collected. She was aided in this work by her brother, Promode Kumar Roy, and Kalipada Sen, another trade unionist.

The paper became quite popular, particularly among the jute workers, but the sale proceeds were not enough to keep the paper running. The Saraswati Press used to print it and soon they came to

Santosh Kumari for payment. Santosh Kumari was desperate and pawned her extremely valuable necklace for Rs 12,000 and met the press bill. *Sramik* continued to be printed and published regularly. A few days later Dr B C Roy learnt of this episode and got the necklace released from the pawnbroker. When C R Das came to know of this event he warmly congratulated Santosh Kumari.²⁸

Santosh Kumari proudly relates another episode in the life of this paper. The well known Indian revolutionary Rashbehari Bose somehow learnt of the paper from far off Japan and sent a letter of greetings to Santosh Kumari for bringing out a journal for the working people. The letter was intercepted by the British intelligence in India. They heavily censored the letter and handed it over to Santosh Kumari, after interrogating her in a police station and keeping her home-interned for a week. A photocopy of this letter was printed in the *Sramik* but these copies are now totally unavailable.²⁹

What did the *Sramik* write about? In a sharp editorial Santosh Kumari wrote: "The whole world has become sensitive to-day by the heart-rending sighs and the desperate cries of the country—of long oppressed peasants and workers. If we want to liberate them then many of the laws of the present society shall have to be destroyed and society shall have to be fundamentally restructured according to new ideals. The upper classes must be compelled to give equal status to the downtrodden."³⁰

In the same issue we find a report with the headline "The Ideal of Socialism". This is the report of a speech given in India by the then Labour leader Oswald Mosley on the eve of his return to England. Mosley said: "Political emancipation is not our only aim, economic liberation is even more important. The British imperialists in their arrogance poured scorn on factory workers and their aim of achieving political power. But now labour is running the government and has given a fitting retort to the capitalists. The evil of class discrimination shall be removed from this world by the socialists and communists."³¹

Sramik and Santosh Kumari's writings are important because they indicate a turning point. Journals in Bengali aimed at the welfare of the working class were not new. As far back as the 1870's the Brahmo reformers, as we have already noted, had brought out successive papers. But their appeals were entirely humanitarian. *Samhati* and *Sramik* were the first Bengali journals that spoke, though falteringly, in terms of class struggle and vaguely supported socialism. They were followed in 1925 by Nazrul's *Langal* and in 1926 by the Communist run *Ganabani*. Santosh Kumari, perhaps unwittingly, stood as a bridge between the nationalist humanitarian outlook and the militant anti-imperialism of the early Communists. *Sramik* acted as the vehicle for her ideas.

Santosh Kumari's role at certain critical moments of working class struggles needs a little elaboration. In 1925-26 the dock workers

and the boatmen of Calcutta went on strike. The immediate issue was the death of one of their comrades in an accident while loading goods on a ship. The workers held a meeting at the Ballygunge Maidan to pay respect to him. Apart from Santosh Kumari many other leaders like Dewan Chamanlal, J M Sen Gupta, T C Goswami, Suren Haldar and others were present there. Santosh Kumari started addressing the workers from a raised dais. In the midst of her speech a half-drunk European soldier tried to disrupt the meeting. He was backed up by Police Commissioner Tegart who ordered Santosh Kumari to stop speaking. Santosh Kumari refused and cried out to the workers to continue the meeting even if she was killed. Tegart retreated in the face of her firmness. The workers won partial victory in this struggle as the company had to give Rs 3,000 as compensation to the family of the worker who was killed in the accident.³²

Santosh Kumari's role in the Spence Case was no less interesting. Spence was a Scotsman and was supervisor in the Naithati Jute Mill. He killed a worker by kicking him very hard. The workers came to Santosh Kumari and she advised them to start a law suit against Spence. On the third day of the case before the Calcutta High Court, Santosh Kumari was called as a witness. She eloquently pleaded for a harsh sentence against the killer and demanded compensation to the family of the victim. Her telling evidence carried the day and the judges convicted Spence, awarding him seven years' rigorous imprisonment. There was great jubilation in the court. A large number of workers were present at the court and they started shouting slogans. It was an unforgettable experience.³³

Somnath Lahiri, the veteran Communist leader of Bengal, refers to an episode connected with Santosh Kumari. Once during a strike in the Kamarhati region she was going in an open horse-drawn carriage, when thugs in the pay of jute mill owners surrounded her carriage and tried to insult her. She freely used the whip to disperse the thugs and drove away in her carriage.³⁴ At any period this would have been considered a brave act and it was quite remarkable in the 1920's of this century.

This was also the period when the Swarajist Party had been formed within the Congress under the leadership of C R Das. Their slogan was: participate in the elections, defeat the loyalists and wreck the constitution from within. Santosh Kumari was not a strong supporter of the Swarajist programme, but her great admiration for C R Das kept her in the Swarajist camp. When the election took place to the Bengal Legislative Council, C R Das put up Dr B C Roy as the Swarajist candidate against the veteran Surendranath Banerjee, who had by then become a loyalist. The constituency chosen was the Barrackpore labour seat. C R Das practically appointed Santosh Kumari as the person in charge of conducting the election work in the Barrackpore constituency.

It is a very well-known fact that a relatively unknown B C Roy,

standing on the Swarajist ticket, routed Surendranath Banarjee, once the idol of nationalist Bengal. The working class voted heavily for the Swarajist candidate, for which not a little credit should go to Santosh Kumari. A well-known Bengal revolutionary who was a Swarajist volunteer in those days said that while Sarojini Naidu was undoubtedly the greatest woman orator in those days, Santosh Kumari perhaps stood only second to her. She spoke equally fluently in Bengali, English and Urdu.³⁵

Santosh Kumari herself recalls some interesting events connected with this election campaign. She writes: "Once during the campaign, four of us—Deshbandhu, Dr B C Roy, T C Goswami and myself—were going in a car. We saw great excitement in front of a jute mill. On enquiry we learnt that the mill owners had decided to keep the factory closed for a few days to prevent the workers from voting. I entered the factory scaling the wall with the help of a ladder and met the European manager. After an hour of heated debate the manager agreed that it would be illegal and unconstitutional to deny the workers the right to vote. The factory was opened and the workers as well as the local populace were jubilant."³⁶

The other incident is not connected with workers as such, but is related to the problem of downtrodden women. During the same election campaign Deshbandhu was standing from a constituency of North Calcutta. The notorious red light area of Sonagachi was within this constituency. Santosh Kumari went to campaign for C R Das among them: "I said, mothers and sisters, had I not come to you, I would have never realised how our society exploits women. I pray that God give you strength to fight for a new better life." They were moved and not only supported Deshbandhu with votes but on the spot collected Rs. 30,000 for his election fund and brought out a huge demonstration in favour of the Swarajists.³⁷

The third incident is of a lighter vein. Once during B C Roy's election campaign Santosh Kumari accidentally met Surendranath Banerjee, who was sitting in a car. Seeing her the old man said, "Hello granddaughter, how are you?" Santosh Kumari saluted him with folded hands. Surendranath told her that her speeches were helping B C Roy to win. Santosh Kumari told him: "Please don't serve the British. Join our camp. Deshbandhu holds you in high esteem."³⁸

Early in 1924, the Swarajists swept the polls in the elections to the Calcutta Corporation; C R Das himself became the Mayor, Subhash Chandra Bose was appointed the Chief Executive Officer and a new post of education officer was created to spread primary education among the masses of Calcutta. Bose's friend, Cambridge returned anthropologist, Kshitish Prasad Chattopadhyay, was appointed the education officer and Santosh Kumari became a member of the primary education advisory committee. Her interest was the opening of primary schools in the working class areas of Calcutta and she received warm support from the

new education officer, whose aim was to universalise compulsory, free primary education in the whole of Calcutta. Neither she nor Chattopadhyay was fully able to achieve their aim, but their success was considerable. Official records reveal that while in 1924 there were only three free primary schools under the Calcutta Corporation, their number shot up to the remarkable figure of 229 in 1935, when Chattopadhyay resigned his job to take up a university post.³⁹

The strike struggles of the working class and the activities of even a small number of nationalists and early Communists alarmed British imperialism. In 1923 they arrested Muzaffar Ahmed, S A Dange, Shaikat Usmani and Nalini Gupta and launched the Kanpur Bolshevik Conspiracy Case. The main charge against them was "conspiracy to overthrow the king emperor". After the mockery of a trial they were all convicted and sentenced to four years' imprisonment.⁴⁰

The chief of the Anti-Bolshevik Bureau in India, Cecil Kaye, warned the government that Communists, Bengal revolutionaries and militant associates of C R Das were likely to forge a joint front against the British rulers; hence timely repressive measures should be taken against all of them.⁴¹

In October 1924, the Government of Bengal suddenly arrested and kept imprisoned without trial Subhash Chandra Bose and a large number of Swarajists and revolutionaries. It was then that in a protest meeting C R Das uttered the famous slogan, "If love of country is a crime I would rather be a criminal".⁴²

A number of Labour leaders came from Britain to India between 1925 and 1927—Thorner, Johnston, Syme, Rutherford, Pethick Lawrence etc. Finally, Sapurji Saklatwala, Communist M P of Britain, came here. Santosh Kumari was by no means a Communist but she had no prejudice against Saklatwala. When Saklatwala reached Calcutta on February 1, 1927, Santosh Kumari was in the forefront of those who had gone to the Howrah station to receive him.⁴³

Initially the Congress leaders, including J M Sen Gupta, were hesitant to give a civic reception to Saklatwala, but Santosh Kumari and others persuaded the Congress leadership to give such a reception. Sarat Chandra Bose also sided with her and moved a proposal to give a civic reception to Saklatwala.⁴⁴ On February 20, speaking at the Calcutta Town Hall, Saklatwala declared: "By adopting a fair-minded principle of welcoming a Communist and not boycotting him, you have not only defied the studied antagonism of the apostles of imperialism, but have rendered signal services to those poverty stricken enslaved men and women of imperial Great Britain, who desire to be relieved at our hands just as much as we ourselves desire to be relieved ourselves."⁴⁵

After this Saklatwala visited many factories in Calcutta, Kharagpur and Tatanagar. In all these visits he was accompanied by Santosh Kumari, whom he called 'Bahinji'.⁴⁶

In 1927 we find Santosh Kumari as active in the cause of the

working class as ever. But after this she suddenly disappeared from the political arena and never came back to the working class movement again. Why this happened is still a mystery to us. Saroj Bandopadhyay, the well-known left-wing Bengali novelist, has written a novel called *Bikikini Hat*. It deals with the life and struggle of the people of the jute belt of Naihati, Kanchrapara and Gauripur. There is a character in the novel—Brajbasini Devi—who throws herself heart and soul into the struggle of the workers and is immensely popular among them. Then one day she just disappears, nobody knowing where. There is a remarkable similarity between this character and Santosh Kumari.

I shall conclude with my own impressions about her. I met her for the first time in 1982 when she was already 85. During my interviews, whenever she talked about the 1920's, the jute, the dock or the railway workers and their struggles, her whole being seemed to light up. She became a changed person, now speaking in Bengali, now in Urdu and now in English. She was, for the moment, no longer a frail old woman of 86 but "Mairam"—the name lovingly given to her by the workers of that period.

MANJU CHATTOPADHYAY

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U S Invasion of Grenada

THE FIRST SHOT in the 1984 presidential campaign of U S has been fired—over the tiny Caribbean island of Grenada. It is in the context of President Reagan's re-election politics that we must view the decision to invade Grenada. The disdain with which the U S handled its European allies, including Britain, whose leadership of the Commonwealth makes it at least indirectly concerned with the events in the island, can be directly attributed to this interpretation of the causes of the invasion.

The justifications provided by Reagan were: first, the "overriding importance" of protecting "innocent lives" which included around 1,000 Americans; secondly, "to forestall chaos" and thirdly "to assist in the restoration of conditions of law and order and of governmental institutions" in Grenada. It is clear that these justifications could be applied virtually anywhere in the globe and that something more lay behind them.

There was a parallel set of justifications oriented towards the concern for the "national security" of the U S. Here we saw explanations on the manner in which Grenada was becoming a dangerous Soviet/Cuban base as well as an important part of the Cuban supply lines to Africa. These fears were heightened by a spate of propaganda on the dangers arising from the construction of an international airport on Point Salinas in Grenada. The assumption of power by the New Jewel Party in Grenada under Maurice Bishop in 1979 and the regime's favourable orientation towards Cuba had been the subject of an enormous amount of speculative literature. The fact of the Cuban development aid to Grenada, especially in the construction of the airport, was distorted by linking it up to events in Central America.

In this context, when Bishop was overthrown by a section of his own party, fears of Soviet/Cuban involvement were again put forward, this time in the context of Bishop's attempts to improve relations with the U S. It was argued that Mr Bishop, realising the error of his ways, was willing to hold open elections and that to forestall such a move, hard-line Leftists within his own party had conspired to replace him.

All this ignored the fact that the ties between Bishop and Cuba remained good till the former's deposition. President Castro strongly condemned the murder of Mr Bishop and stated that from then to the American invasion, his country's relations with the new leaders of Grenada had been "cold". Michael Manley, the Jamaican leader who as Prime Minister had been dubbed as the main "Soviet/Cuban

stooge" in the region, also had the harshest words for the murder of Bishop. Manley, whose own party is a member of the Socialist International (not the Communist International as many would have us believe), called for the expulsion of the New Jewel Movement (also a member) from the Socialist International.

It is possible now, given the passage of some time, to see even more clearly the vacuity of the many arguments and justifications put forward by the U S. First, the estimates of 11,000 Cubans put forward by the U S turns out to be an exaggeration. The "combat engineer" force turns out to be exactly the number stated by President Castro on October 25, 1983—750. They also turned out to be middle-aged civilian construction workers, not lean and hardy combatants. They, like most Cubans, knew how to use small arms but were incapable of offering any but the most token resistance which, of course, they perfectly legitimately did. In fact, there were probably more Americans—students, tourists and pensioners—on the island than Cubans.

The military arsenal "discovered" consisted of two or three warehouses, not quite full, containing somewhat antiquated small arms, hardly the stuff from which any threat to the region could have emanated.

The most damaging misrepresentation was with regard to Point Salinas airport. It had, in fact, a 9,000-foot runway instead of the 10,000-12,000-foot one claimed by the US. It had not been designed by the Soviets or the Cubans but by Plessey Airports, a British company, which was also the general contractor and worked with several sub-contractors among whom figured one American company. The *Financial Times* of London pointed out in its October 31, 1983, issue that Plessey had categorically declared that it was involved in a civilian project and that the airport did not have the specially hardened runway and other facilities which a military airport would require.

Equally significant is the fact that there has been an all-round in-house condemnation of American intelligence services with regard to Grenada. US military and civilian leaders acknowledge that they did not even have the most basic intelligence on the island. Intelligence agencies have sought to explain this by pointing to the cutbacks they had been compelled to make in the "liberal" 1970's. But surely as an important point of Soviet/Cuban intervention is claimed, Grenada would have "merited" some attention from the intelligence services, especially since there were, as we have pointed out, around 1,000 Americans on the island and since tourist traffic from the US was unimpeded till the chain of events in October 1983 that began with Bishop's overthrow.

We must thus see the Grenada action as one arising out of the inner compulsions of the Reagan Administration and not out of external causes. The issue of American lives becomes thus not a cause but the occasion for Reagan's decision. The presence of Americans on the island was

convenient, as the President could use an issue to which the American public would respond with a "knee-jerk" reflex of support. This time-tested formula had been applied in the late nineteenth and early twentieth centuries to justify American gunboat diplomacy in Latin America. In the post-Second World War period, an added justification of preserving democracy had been added. Of course extending democracy is not as popular with the public as the natural reflex of preserving fellow-Americans. The episode of the American hostages in Iran added to the Administration's argument. Needless to say the threat to American lives in Grenada was never even sought to be established with any evidence, though it did gain the Administration a considerable amount of support from the American people.

But if this, as we noted, was an excuse, then what was the real cause? This can be clearly detected in the general American foreign policy goals set by the Reagan Administration. Coming to office in 1980, Reagan declared that the policies of detente and those followed by the Carter Administration had dangerously weakened the U.S. The "loss" of Iran, Afghanistan, Nicaragua were all put down to policies that indicated a lack of leadership as well as to the dangerously weakened state of the US military forces that had allowed the Soviets to "rampage" around the world.

The Administration then embarked on a massive programme of rearmament in the conventional and nuclear weapons areas and put forward a range of policy prescriptions to "turnaround" the situation. Most of these prescriptions called for a return to the policy of "containment" of the Soviet Union and attempts to "roll back" the alleged Soviet gains. The emphasis was on the reassertion of leadership by the US vis-a-vis its allies and a tough line against the Third World. Not only were the SALT talks scuttled, but in deed and words, the Soviet Union was attacked as the "evil empire", the cause of all the trouble in the world. The US used its influence in the international financial institutions to pressurise Third World borrowers into taking a friendlier position towards the US, and in its own foreign assistance policy made it clear that special consideration would be shown to friends (strategic allies) in the form of Congressional exemptions (the case of Pakistani nuclear programme). The US also decided that, if necessary, it would plough a lonely furrow (the case of refusing to sign the painfully negotiated Law of the Sea).

It was in the context of its new "national security policy" as well as its "get tough" with the Third World policy that we must see the Grenadan action. For long the Reagan foreign policy advisers had castigated the Carter Administration's Latin American policies. Reagan had, in fact, gained prominence in the 1970's as a leader of the campaign against the Panama Canal Treaties ("the giveaway of the *American Canal in Panama*"). The overthrow of the Somoza regime by the popular Sandinista revolution was viewed as an American failure. So, the

struggle in El Salvador to overthrow the repressive regime there was viewed as a "domino effect" inspired by Moscow or Havana through their agents in Managua.

To challenge this, the US reverted to its time tested tactics of gunboat diplomacy. Massive military manoeuvres, including simulated invasion movements, were conducted off Nicaragua to intimidate the Sandinistas. A group of opponents of the Nicaraguan government was trained to launch a covert military attack on the country. These actions were openly publicised to gain maximum effect. In El Salvador, the US sent large numbers of advisers and equipment to strengthen the local army. Nevertheless, the policy was designed more for effect, as direct intervention in the region was not a policy that would gain support at home and may in fact bog the US down to an untenable war, this time in its very backyard.

So to provide "effect" both in Central America and at home, Grenada was invaded. The tiny island nation would under no circumstances have bogged down the US forces. All the ingredients were there, Cuban presence, a new airport (Soviet base), a leftist regime and domestic turbulence. The minor Caribbean states (whose economies are almost completely dependent upon American tourism) provided the pseudo-legal cover. The Organisation of American States was no longer trustworthy on this score. The barring of the American press from the action scene ensured that virtually nothing could go wrong.

And so nothing did. Reagan had long been promising "action" to preserve American interests, and he did provide "action". The media went to town with the celebration and the bulk of the American public swallowed, hook, line and sinker, the entire argument put forward. After all, American lives were preserved, the marines had done it again and the agony was minimal. It was good theatre and the Administration could not care less for the Europeans, Africans, and Asians who sought to bring up issues of legality. "Who wins that counts" has been an essential ingredient of American "pragmatism" and Reagan is aware of that.

What then is the future likely to hold for Central America and the Caribbean? Undoubtedly states not aligned to the US are scared. They have to be. With a man of Reagan's "vision" around, the destructive power he commands, Central Americans are not the only ones scared. The Angolans, the Mozambicans, Iranians, and the Syrians, all of them feel actually threatened while several West European and other governments are clearly disturbed over Reagan's policies. The main adversary, the Soviet Union, of course, has the strength to look after itself and its military allies quite well. Even Reagan would not dare as yet challenge them. The real danger seems to exist for the non-aligned and weak nations who can be the sudden object of the United States' "new" global policy.

BOOK REVIEW

TOWARDS A NEW BRETTON WOODS, Report by a Commonwealth Study Group, London, 1983.

THE ECONOMIC INSTABILITY experienced in the 1930's prompted the major capitalist powers to evolve in the following decade a system of world trade and payments that would ensure stability in the international economy. The new system that took shape at the Bretton Woods conference in 1944 had two main features: (a) a partial reversal to the classical gold standard regime of fixed exchange rates and the acceptance of dollar as the reserve currency, and (b) liberalisation of trade in manufactures which went together with a re-consecration, at least in the various pronouncements, of the free trade doctrine. The Bretton Woods conference created two institutions (to which a third organisation was added in 1948) to supervise the maintenance of the system. The International Monetary Fund (IMF) was to look after the international monetary problems, to provide exchange rate stability; and for doing so it was entrusted with the powers to correct any short-term balance of payments imbalances in member-countries with the injunction that it should not resort to measures destructive of national or international prosperity. The International Bank for Reconstruction and Development (World Bank) was designed to put back on rails the war ravaged countries. Its main role subsequently became the protection of private investment and to act as an intermediary between the developing countries and the private investors. The third organisation which was included later was the General Agreement on Tariffs and Trade (GATT) and this also had the plans to set up an international trade organisation. GATT put down the principles on which commodity trade was to take place. Its objective was to establish a non-discriminatory multilateral trading system. It sought to remove all trade barriers; and all tariff concessions negotiated bilaterally had to be extended to the others on an unconditional most favoured nation basis.

The Bretton Woods system functioned without major disruptions till about the early 1970's when the fixed exchange rate system was abandoned. The capitalist world adopted the flexible exchange rate system, but with a difference. In the new regime, the floating currencies remained, to a large extent, under the control of the national monetary authorities. The virtues of the floating exchange rate system which conventional macro-theory suggests were far less evident when the system started functioning. The exchange rate fluctuations were more volatile than anticipated. There was, however, a stronger destabilising element. The oil price rise in 1973 created large deficits in the balance of payments of the oil importing countries. The ensuing recession in the advanced capitalist countries forced unmanageable deficits on the

Third World countries, and to overcome the strain on their balance of payments they turned to external finance. But the continuing recession in the developed countries had several other ramifications. The climate of freer trade of the 1950's and the 1960's was turned into one of growing protectionism. The result of this was a slowing down of the growth of world trade and this was climaxed in 1982 when a negative growth rate was registered.

Protectionism and uncertainty in the international financial sphere have pushed the Bretton Woods system to a situation where its efficacy to maintain stability in the international economy of the capitalist world has often been questioned. This question has been raised by the Commonwealth Study Group which, in its report, seeks to find measures that could contribute to the process of recovery.

The recovery and stabilisation in the international economy, according to the study, can be provided both by "automatic and quasi-automatic" stabilising elements at the national and international levels and by active discretionary policies pursued by governments and multilateral institutions. While the latter basically means that policies which preserve and promote international inter-dependence should be adopted through negotiations and consultations, the former includes elements that ensure availability of adequate international liquidity.

The problem of international liquidity is discussed at considerable length in the report. The shortage of liquidity has been seen as an important factor in precipitating the present crisis. With this point of view the report reviews the rate of the international financial agencies in meeting the demand for liquidity made by the developing countries in the 1970's. The IMF, whose role was to provide assistance to member-countries to overcome short-term balance of payments difficulties, developed special arrangements to cope with the changed circumstances. The Oil Facility, the Extended Fund Facility, the Supplementary Financing Facility and the enlarged access policy, the last one being a modified version of the original lending facility which was being provided by IMF, formed the essentials of its policy towards providing finance on a medium term (three to four years) basis. There are, however, two problems with IMF finance. The first and the more important one for the borrowers arises from the nature of conditions attached to an IMF loan. The loans from this agency discriminate against the borrowers and this runs contrary to the objective of the agency laid out in the charter. The second is a problem which confronts IMF itself. In the recent years it has not been able to mobilise sufficient resources to carry out its lending programmes. To overcome this problem IMF has turned increasingly to private capital markets for liquidity.

Private capital markets, however, were involved in the international capital flows in a big way from the early 1970's. This is indicated by the fact that between 1973 and 1982, about 45 per cent of the aggregate current account deficit of the non-OPEC developing countries was

financed by the commercial banks and about 50 per cent of the medium and long-term loans of these countries also came from the same sources. The emergence of the commercial banks as an additional source of international liquidity had one important implication. The banks no doubt helped to put off the inevitable financial crisis arising out of the unmanageable payments situation that the developing countries have been facing for a few years. In the 1980's however, and especially in 1982 and 1983, the financial crisis faced by the developing countries has brought the international banking system itself to the brink of a collapse, which has resulted in a spate of debt rescheduling moves. The repayment period is extended by a few years to prevent the indebted countries from declaring insolvency.

In a system where the accumulated debts of the non-OPEC developing countries have gone up from dollars 102.6 billion in 1970 to dollars 250.9 billion in 1980 (increasing at a compound annual rate of 9.4 per cent), the latter figure itself possibly being a serious underestimate, the importance attached to external finance in the prescriptions for global recovery made in the report under review is difficult to understand. The more important factor than the improvement in lending conditions and easier access to liquidity is the reform that is required in the world trading system. This appears to have taken a backstage in the report.

The continued inflation and recession in the international economy have led to imperfections in the trading system. The developed countries have reacted to the adverse effect inflation has caused to their competitiveness in trade, by adopting protectionist policies. This has narrowed down the market available to the developing countries for their manufactures. These countries face a difficult situation on yet another front. The conditions attached to the loans they have had to seek from agencies like the IMF have often forced them to adopt several 'structural adjustment policies' which include a substantial opening up of their economies. This opening up, together with the deflation enforced by the IMF, has put an effective check on their growth process.

The hope of any improvement of the trading system, according to the report, lies in the international negotiations which are conducted periodically by GATT and UNCTAD. The experiences of the GATT meeting in 1982 and the UNCTAD VI in 1983, however, leave very little scope for such optimism. In both these conferences the posture of the developed countries regarding protectionism saw a further stiffening. The report suggests various short, medium and long term solutions to resolve the present crisis facing the international economy, but in the prevailing circumstances the chances of success of the modified Bretton Woods system appear to be rather slim.

BISWAJIT DHAR

Research Scholar, Centre for Economic Studies and Planning,
Jawaharlal Nehru University, New Delhi

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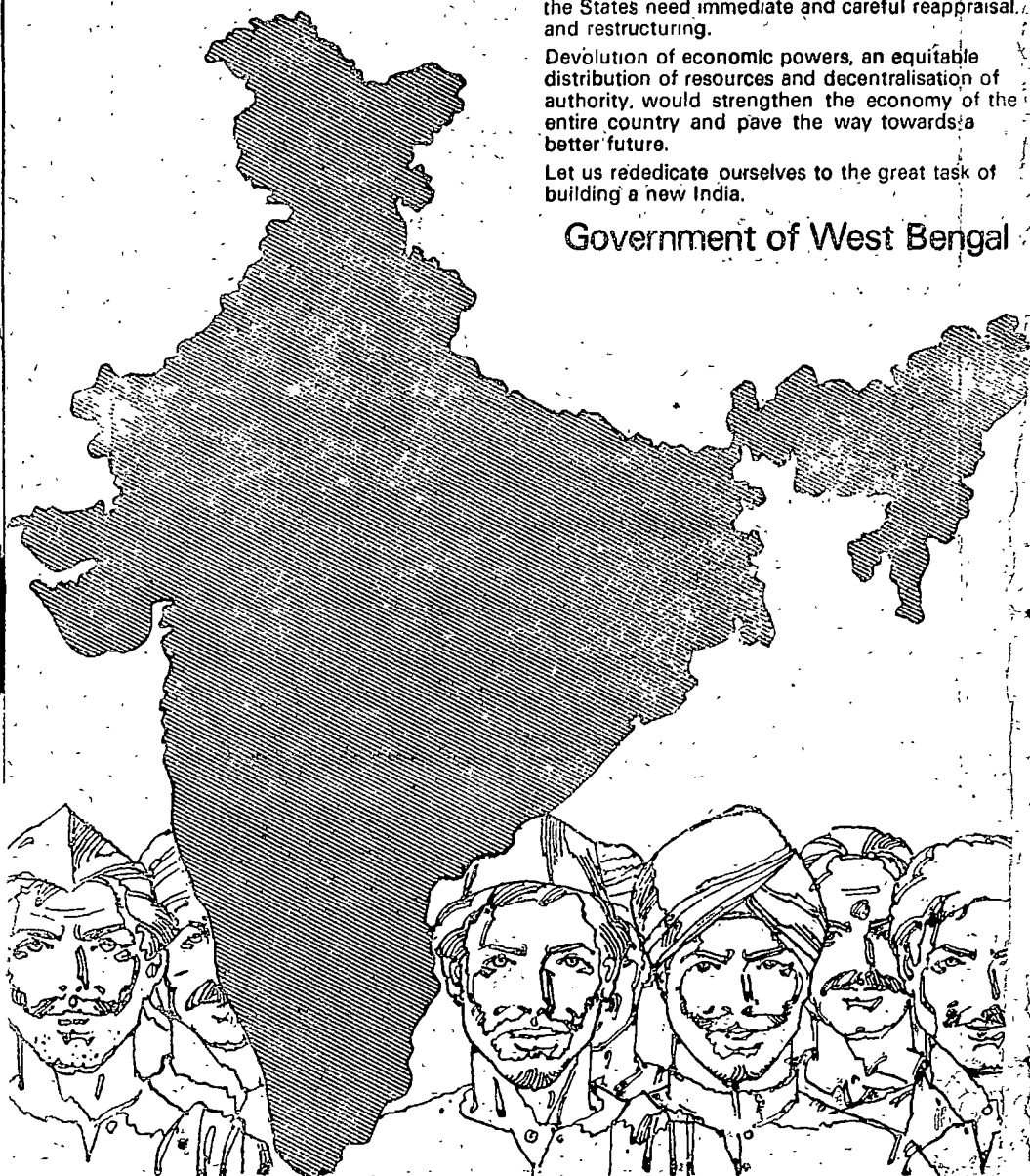
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On contradictions: antagonistic and non-antagonistic: *M Basavapunnaiiah*; On the status of Marx's writings on India: *Sudipto Kaviraj*; Marx, Marshall and Schumpeter: *Prabhāt Patnaik*; Marx and Wittgenstein: *Madhu Prasad*.

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American involvement in Indian agricultural research: *Dinesh Abrol*; Monetary transition in late pre-colonial India: *Frank Perlín*; Titu Meer's rebellion: *Atis Dasgupta*; Choice, welfare and measurement: *Amal Sanyal*.

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SOCIAL SCIENTIST: VOLUME 11, NUMBER 12 DECEMBER 1983;
The Ahom political system: State formation process in medieval Assam: *Amalendu Guha*; Class struggle and transition to capitalist form of production: study of coir industry: *T M Thomas Isaac*; Women workers and class struggles in Alleppey: *V Meera*; On social forestry: *DA*;

Handwritten note in Hindi/Urdu script, likely a dedication or address.

Extensive handwritten text in Hindi/Urdu script, appearing to be a letter or a detailed note. The text is dense and covers most of the lower half of the page.

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CONTENTS

- Editorial Note* 1
- The Marxist Theory of Ground Rent: Relevance to the Study of Agrarian Question in India*
—E M S Namboodiripad 3
- How Feudal was Indian Feudalism?*
—R S Sharma 16
- Nationalism: Pan-Indian and Regional in a Historical Perspective*
—Amalendu Guha 42
- Marxism and Social Sciences: A Synoptic View*
—M J K Thavaraj 66

BOOK REVIEW

- The Science and the Life of Albert Einstein*
—Rajendra Prasad 79

COVER: Hand-written manuscript of Karl
Marx's *Manifesto of the Communist Party*

Articles and review express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

THIS is the third special number of *Social Scientist* which we are bringing out during Marx's Death Centenary year, now drawing to a close. The two preceding special numbers were published in March and September 1983. Like in the two preceding special numbers, the emphasis in the current number is not on the subtleties of interpretation of Marxism *per se* but on attempts at concrete analyses of our past and present from a Marxist perspective. This choice of emphasis springs from our conviction that debates about interpretation of theory, unless firmly anchored in debates about the reality which the theory purports to analyse, tend to degenerate into arid scholasticism. Three of the articles in the current number, accordingly, are concerned with concrete problems of Indian history and reality. They may be controversial, but in a productive sense of the term.

E M S Namboodiripad's paper looks at the Indian agrarian relations starting from Marx's theory of ground-rent. Marx distinguishes between pre-capitalist and capitalist ground-rent. Capitalist ground-rent, whose payment assumes that workers are paid the value of labour power, and capital invested in agriculture the average rate of profit, presupposes that agriculture, like other spheres, is thrown open for the penetration of capital; and that *inter alia* land has become a salable commodity. The entire thrust of agrarian legislation in the colonial and post-colonial period may be interpreted therefore as promoting bourgeois relations in the countryside. But the formal existence of ground-rent in a situation of land having become a commodity, does not *per se* imply prevalence of capitalist relations. As Marx mentioned in the context of Ireland, the landlord may extract as ground-rent not merely a part of the tenant's profit, but a part of his normal wage as well, and even expropriate his small capital. Namboodiripad finds this an instructive example for studying the Indian situation, even though the

difference between the two contexts is obvious and substantial. While the penetration of capitalism into the agrarian sector is not denied, the need to study the concrete manner of that penetration is underscored, so that appropriate slogans and tactics of class struggle can be worked out. The paper gives a brief outline of such slogans and tactics in the present context.

The debate among historians about whether the socio-economic formation in India at any stage may be characterised as feudalism, may appear to outsiders as being concerned only with nomenclature; since no one has denied the differences between the Western European and the Indian formations, it is all perhaps a matter of how we define feudalism. This however is an erroneous impression. The apparent debate about nomenclature is in fact a substantive debate over interpretations of what happened in Indian history: How "autonomous" peasant production was, why there was a seeming stability of the Indian formation, and so on. The paper by R S Sharma not only gives a flavour of the debate, but also highlights in the process several aspects of the economy and society in early medieval India. Sharma sees the essence of feudalism in the landlord-subject peasantry relationship, outlines the nature of this relationship in early medieval India, and attributes the so-called stability of the Indian system not to the peasant's independent control over the processes of production but to factors like caste ideology, the survival of kinship bonds etc. He also cites evidence for considerable expansion of agricultural production in this period.

Amalendu Guha's paper argues the existence of a dual national consciousness in India, a pan-India "we-consciousness" together with yet another relatively stable "we-consciousness" at the regional-linguistic level. Of course, the slow development of the economy and the segmentation of society along caste, religion and sect lines make for an immaturity of national consciousness at both the levels. This dual national consciousness for ever runs the risk of degenerating, on the one hand, into an aggressive Indian great nationalism and, on the other hand, into chauvinist and even secessionist regional little nationalism. But, for combating both these deviations, it is important, according to the author, that we recognise this two-stream national process. The author uses this general perspective to examine the national problem in the north-eastern region in particular—Assam, Nagaland, Manipur and Mizoram.

M J K Thavaraj's paper has a different focus. In a broad canvas it outlines the Marxist approach to social sciences and presents the contrast between this approach and a variety of bourgeois approaches in each of the fields constituting the social sciences.

E M S NAMBOODIRIPAD*

The Marxist Theory of Ground Rent: Relevance to the Study of Agrarian Question in India

THE CENTENARY YEAR of the death of Karl Marx is coming to an end. The Marxist-Leninists in India, along with their comrades in the rest of the world, have used the occasion for an intensive study of Marxist theory as it is applied to the concrete conditions of the present-day India and of the world as a whole. Various specific problems faced by the practical revolutionary movement have been subjected to study and criticism.

There is however one important aspect of the theory of Marxism which has been left out of this study. That is the theory of *Ground Rent*. Lenin calls the detailed analysis made by Marx in Volume III of *Capital* dealing with *Ground Rent* "the most important section" of the book. His work *Karl Marx* gives an extremely valuable summary of the main elements of the *theory of Ground Rent*, its division into differential and absolute rent, the capitalisation of the Ground Rent into the price of land and its harmful consequences on the growth of agriculture, etc.

It should be admitted that those who undertook the study and popularisation of Marxism in India have not paid any attention to this "most important section" of Marx's *Capital*. This is true not only of our work during this centenary year but earlier as well. None of the studies made by Indian Marxists on the agrarian question so far made any attempt to base itself on the Marxist theory of *Ground Rent*. This reminds us of what Lenin wrote about the Russian "Social Democratic press on the question of Agrarian Programme", "practical considerations predominate over theoretical considerations, political considerations over economic".

Lenin went on: "The excuse for the majority of us of course are the conditions of intense party work under which we discuss the agrarian programme in the revolution: first after January 22 (9), 1905, a few months before the outbreak and then on the day after the December insurrection and on the eve of the first state дума. But this defect must at all events be removed now, and an examination of the theoretical

*General Secretary, Communist Party of India (Marxist)

aspect of the question of nationalisation and municipalisation is particularly necessary."

In our country too, Marxist-Leninists gave "predominance to "practical over theoretical" and "political over economic" considerations. They too were under "the conditions of intense party work" and discussed various aspects of the agrarian question in the country as the practical revolutionary activity demanded. A voluminous material on India's agrarian problem has thus accumulated by way of articles, books, party documents, etc. They however fail to make an overall and integrated study of the question from the point of view of Marxist theory as expounded by Marx in *Capital* and creatively developed and applied by Lenin and the Leninists.

The core of the theoretical understanding and practical activity of Indian Marxists on the agrarian question was that the "feudal" or "statutory" landlordism was the main enemy of the people acting as the stooge of British imperialism. Abolition of feudalism or statutory landlordism therefore became the central slogan on which was developed the militant *kisan* struggles of the 1930's and the 1940's. It was to realise this slogan that the glorious struggles of this period were waged, culminating in the Tebhaga struggle of undivided Bengal, Telengana etc. in 1946-1947.

Connected with this was the radical democratic movement for the abolition of princely rule in what was then called "Indian India" as opposed to "British India". The agrarian peasant movement was, in other words, directed against the non-cultivating, rent-collecting landlords and the autocratic administrations in princely states. This constituted the programme of the militant action against the feudal ruling classes—a part of the struggle for Indian freedom.

Integrally connected as this anti-feudal struggle was with the national political struggle against alien rule, for the realisation of the national demand for independence, the withdrawal of British rulers from India helped the Indian people to realise in part the demands directed against princely rule and statutory landlordism. The assumption of power by the Congress rulers at the Centre was followed by the integration of princely states with the Indian Union, the establishment of responsible government in all the former princely states, the integration and merger of all the smaller princely states into a few larger-sized states, and finally in the reconstitution of the existing "British" Indian provinces and "Indian" States to form linguistic states.

In the agrarian sector too, radical reforms were made, such as the abolition of *zamindari*, *jagirdari*, *talukdari*, and other forms of statutory landlordism. Even in the non-statutory landlord regions, tenancy reforms provided for fixation of fair rent, restrictions on ejectments etc. to be followed by legislative measures fixing ceilings on landholdings and providing for the distribution of surplus land.

These changes in the political-administrative set-up of the

former princely states and in the agrarian relations in the whole country raised the question of a new theoretical understanding of the agrarian situation. The questions which came to the forefront and had obvious practical implications were: Has the fundamental demand of the peasant movement raised in the 1930's—the abolition of feudal or statutory landlordism—been realised and, if so, what are the perspectives before the militant *kisan* movement? Sharp differences arose on these questions within the central leadership of the Communist Party of India in 1948. They continued in one form or another in subsequent years. At every stage in this continuing debate, partial answers were found which however were not related to the Marxist theory of Ground Rent and its applicability to the developing agrarian situation in India.

Convinced and committed Marxist-Leninists however were not alone in this discussion on the significance of the changes in the agrarian scene in India. They were joined by a large number of academic economists, administrators and political leaders of the ruling party who too started using terms borrowed from Marxist writings. Together with many who wanted to be loyal adherents of Marxism but whose understanding of the Marxist theory of Ground Rent was poor, they created the impression that bourgeois democratic reforms in India's agrarian system had been completed. Furious debates started, as early as in 1948, within the Communist Party of India, on the extent to which capitalism had penetrated and was likely to further penetrate into agriculture. This, in fact, had been one of the controversial issues haunting the Communist Party in the inner-party struggles which culminated in the division of the Party into the CPI (M) and the CPI.

Outside the Party too, a section of the academics, administrators and political leaders held that, with the completion of the legislative process, the old "feudal" land relations had been abolished and "capitalist" relations established. They made liberal use of the term *kulak*—a category which arose in Russia after the completion of the revolutionary restructuring of land relations under the Bolsheviks—to denote the rural gentry that had been strengthened under Congress legislation. It was on this understanding that many academics, political commentators and leaders denounced as "pro-*kulak*" the movement led by the left parties for remunerative prices for agricultural products.

The cobwebs that have thus developed around the question of "feudal" and "capitalist" relations in Indian agriculture can be removed only by a serious study of Marx's teachings on *Ground Rent* with a view to understanding Indian reality. For, the central teaching of Marx—and Lenin—is that the development of capitalism is not and cannot be confined to some sectors of the economy, such as industry, trade, etc., leaving agriculture unaffected. Capital is a force which brings about changes in all fields of economic activity and changes the entire social life.

It is therefore futile to raise the question whether, in the latter

half of the 20th century, Indian agriculture has been subjected to the penetration of capitalism which had undoubtedly been developing during the whole period of the British regime and is now being still further developed under the Congress rule. The question is not of the development of capitalism as such but of the concrete manner of its development and its impact on agriculture. This makes it necessary for us to assimilate the Marxist theory of *Ground Rent* and apply it to the conditions of capitalist development in India. This is what is being attempted in the following pages.

Marx on Ground Rent

Marx, in the opening chapter of that part of *Capital* which deals with *Ground Rent*, says: "the pre-requisites for the capitalist mode of production are the following: the actual tillers of the soil are wage-labourers employed by a capitalist, the capitalist farmer who is engaged in agriculture merely as a particular field of exploitation for capital, as investment for his capital in a particular sphere of production. This capitalist farmer pays the land-owners, the owners of the land exploited by him, a sum of money at definite periods, fixed by contract, for instance annually (just as a borrower of money capital pays fixed interest) for the right to invest his capital in this sphere of production. This sum of money is called the ground rent no matter whether it is paid for agricultural land, building land, mines, fishing grounds, or forest etc. ... Here then we have *all three classes—wage-labourers, industrial capitalists and land-owners constituting together and in their mutual opposition the framework of modern society.*"¹

Rent-collecting landlords are, in other words, as much a part of capitalist as of pre-capitalist society. A social order does not become pre-capitalist for the simple reason that landlords under it live on the rent collected from tenants. Nor does the legislative abolition of rent-collection by landlords (as is done in most radical land reform legislations in some states of India) mean the end of feudal exploitation. The amounts paid to landlords as "compensation" are in fact, the capitalised form of feudal rent which is now part of the market price of land. Rent, as Marx points out, is one of the three forms of revenue in capitalist society, the other two being wage and profit.

From the definition of *Ground Rent* as one essential part of capitalist society, Marx goes on to analyse the two parts into which *Ground Rent* is divided—*Differential Rent* and *Absolute Rent*. The examination of these two forms of *Ground Rent* leads him to the "genesis of capitalist ground rent". He proceeds step by step and distinguishes between *labour rent*, *rent in kind* and *money rent* as the stages through which capitalist *Ground Rent* is evolved. *Ground Rent is thus what is appropriated by the landlord in capitalist society*, i.e., rent as a share in the surplus value appropriated initially by the entrepreneur in capitalist society. The rent-collecting landlord is thus as much a part of capitalist

as of pre-capitalist society.

What then is the essence of capitalist agriculture, as opposed to agriculture in pre-capitalist society? "On one hand, it (capitalist mode of production) transforms agriculture from a mere empirical and mechanical self-perpetuating process employed by the least developed part of society into the conscious scientific application of agronomy, in so far as this is at all possible under conditions of private property; it divorces landed property from the relations of dominion and servitude on the one hand, and on the other, totally separates land as an instrument of production from landed property and landowners—for whom the land merely represents a certain money assessment which he collects by virtue of his monopoly from the industrial capitalist, the capitalist farmer; it dissolves the connection between landownership and the land so thoroughly that the landowner may spend his whole life in Constantinople, while his estates lie in Scotland. Landed property thus receives its purely economic form by discarding all its former political and social embellishments and associations, in brief all those traditional accessories which are denounced as useless and absurd superfluities by the industrial capitalists themselves as well as their theoretical spokesmen in the heat of their struggle with landed property."²

The creation of the *zamindari*, the *jagirdari* and other forms of property in land by the British rulers through their land settlements, and then the tenancy legislations carried out by them, were the first step towards such a transformation of Indian agriculture. Together with the later Congress agrarian reforms, these first steps taken by the British rulers served to "divorce landed property from the relations of dominion and servitude" which was the characteristic feature of the pre-British Indian society. Furthermore, they "separated land as an instrument of production from landed property and the landowner", making it possible for the landowner to collect from "the industrial capitalist, the capitalist farmer" a "certain money assessment as rent". Landed property in this form (as developed by the British and then by the Congress rulers) "discarded all former political embellishment and associations". Rent in these circumstances became a form of income for the landowners like the wage for the worker and the profit for the entrepreneur.

The upshot of all these changes in the form of landownership and use of land as an instrument of production is that, unlike in pre-capitalist society, land now becomes a commodity liable to be purchased and sold in the market. This was, by and large, impossible in pre-capitalist society where ownership of land constituted either a status symbol for its owner, or represented the community—the village, the kinship, the family etc. Alienation of land by way of mortgage or sale was unthinkable so long as pre-capitalist society continued to exist. Pre-capitalist society had to be destroyed, so that land could be bought and sold in the market and used as an instrument of production. This was

the role played by the agrarian reforms brought about by the British and then the Indian bourgeois rulers.

What is stated in the above para does not mean that no manner of purchase and sale of land took place in pre-British society. Evidence in fact has accumulated showing that such transactions had been taking place on a small though increasing scale. This was the natural result of the development of commerce and money-lending. Land transactions however were few and far between till the British rulers undermined the basis of India's village society.

Analysing the transformation of labour rent into rent in kind, Marx points out that "it changes nothing from the economic point of view in the nature of ground rent. ... It is distinct from the preceding form in that surplus labour needs no longer be performed in its natural form, thus no longer under the direct supervision and compulsion of the landlord or his representatives; the direct producer is driven rather by force of circumstances than by direct coercion, through enactment than through the whip, to perform it on his own responsibility."³ What about the transformation of rent in kind into money rent? Taking place as it does "first sporadically and then on a more or less national scale," adds Marx, it "presupposes considerable development of commerce, of urban industry, of commodity production in general, and thereby of money circulation. It furthermore assumes a market price for products and that they be sold at prices roughly approximating their values, which need not at all be the case under earlier forms."⁴

What about the further development of money rent? Marx answers that it "leads aside from all intermediate forms, e.g. the small peasant—tenant farmer—either to the transformation of land into peasants' freehold or to the form corresponding to the capitalist mode of production, that is, to rent paid by the capitalist tenant farmer.

"With money rent prevailing, the traditional and customary legal relationship between landlord and subjects who possess and cultivate a part of the land, is necessarily turned into a pure money relationship fixed contractually in accordance with the rules of positive law. ...

"Finally, it should be noted in the transformation of rent in kind into money-rent that along with it *capitalised rent*, or *the price of land*, and thus its alienability and alienation become essential factors and that thereby not only can the former peasant subject to payment of rent be transformed into an independent peasant proprietor, but also urban and other moneyed people can buy real estate in order to lease it either to peasants or capitalists and thus enjoy rent as a form of interest on their capital so invested."⁵

This final form, i.e., money-rent capitalised into the price of land, becomes a liability not only on the actual cultivators but on society as a whole. For, the price of land is the capitalised form of capitalist Ground Rent which began as labour rent, was transformed into rent in kind, which in its turn was transformed into money-rent. Paying as

the cultivator does this accumulated load of all these earlier forms of pre-capitalist rent as the purchase price of the land, the interest on the capital invested for purchasing land becomes part of his cost of production. This inevitably keeps the prices of foodgrains and of raw materials at high levels.

What about the cultivator? Marx says: "The expenditure of money-capital for the purchase of land is not an investment of agricultural capital. It is a decrease *pro tanto* in the capital which small peasants can employ in their own sphere of production. It reduces *pro tanto* the size of their means of production and thereby narrows the economic basis of reproduction. It subjects the small peasant to the money lender, since credit proper occurs but rarely in this sphere in general.

"Even when such purchase takes place in the case of large estates", Marx goes on, purchase price of land "is a hindrance to agriculture. It contradicts in fact the capitalist mode of production, which is on the whole indifferent to whether the landowner is in debt, no matter whether he has inherited or purchases his land. The nature of management of the leased estate itself is not altered whether the landowner pockets the rent himself or whether he must pay it out to the holder of his mortgage."⁶

Capitalist Ground Rent which absorbs all earlier forms of pre-capitalist rent, and which assumes the final form of the purchase price of land, is thus a hindrance to the development of agriculture and puts on society as a whole the burden of high prices. Hence the slogan of "nationalisation of land" raised by Marx and defended by Kautsky and Lenin.

Absolute and Differential Rent

Attention may in this context be drawn to the following explanation of Ground Rent by Kautsky which Lenin approvingly quotes:

"As differential rent, ground rent arises from competition. As absolute rent, it arises from monopoly. ... In practice, ground rent does not present itself to us divided in parts; it is impossible to say which part is differential rent and which part is absolute rent. Moreover, it is usually mixed with the interest on capital expended by the landowner. Where the landowner is also the farmer, ground rent is combined with agricultural profit.

"Nevertheless, the distinction between the two forms of rent is extremely important.

"Differential rent arises from the capitalist character of production and not from the private ownership of land.

"This rent would continue to exist even under the nationalisation of the land, demanded (in Germany) by the advocates of land reform, who preserve the capitalist mode of agriculture. In that case, however, rent would accrue, not to private persons, but to the state.

"Absolute rent arises out of the private ownership of the land,

out of the antagonism of interests between the landowner and the rest of society. The nationalisation of the land would make possible the abolition of this rent and the reduction of the price of agricultural produce by an amount equal to that rent.

"To proceed: the second distinction between differential rent and absolute rent lies in that the former does not, as a constituent part, affect the price of agricultural produce, whereas the latter does. The former arises from the price of production; the latter arises from the excess of market price over price of production. The former arises from the surplus, the extra profit, that is created by more productive labour on better soil, or on a better located plot. The latter does not arise from the additional income of certain forms of agricultural labour; it is possible only as a deduction from the available quantity of values for the benefit of the landowner, a deduction from the mass of surplus value; therefore, it implies either a reduction of profits or a deduction from wages. If the price of grain rises, and wages rise also, the profit on capital diminishes. If the price of grain rises without an increase in wages, then the workers suffer the loss. Finally, the following may happen—and this may be regarded as the general rule—the loss caused by absolute rent is borne jointly by the workers and the capitalists."⁷

Lenin then adds: "Thus the question of the nationalisation of the land in capitalist society is divided into two materially different parts: the question of differential rent, and the question of absolute rent. Nationalisation changes the owner of the former, and undermines the very existence of the latter. Hence, on the one hand, nationalisation is a partial reform within the limits of capitalism (a change of owners of a part of surplus value), and on the other hand, it abolishes the monopoly which hinders the whole development of capitalism in general."⁸

It will be admitted—nobody can dispute the fact—that the agrarian reforms in India do not amount to nationalisation, "a partial reform within the limits of capitalism", to quote Lenin; no change has taken place in the "ownership of a part of surplus value". The purchase price of land is thus the capitalised form of *Ground Rent*, its differential and absolute parts.

The Indian Agrarian Situation

The question arises whether this Marxist theory of rent and the agrarian question applies to India where capitalism has not developed. The theory of *Ground Rent* as explained by Marx after all is valid only where capitalism has brought under its domination other sectors of the economy such as industry, trade, banking and so on, and finally agriculture. *Capitalist Ground Rent*, according to definition, is that part of the surplus value in such a capitalist society which is appropriated by the landlord after the labourer is paid wage at the value of the labour power, and the entrepreneur, i.e., the capitalist farmer, realises the average rate of profit. In India, on the other hand, the labourer is paid

at rates lower than the value of labour power. The agricultural entrepreneur too gets lower than average profit for his investment. The labourer's "wage" and the entrepreneur's "profit" in Indian agriculture being thus below the average value of labour power and the average profit respectively, can the landlord's revenue here be considered capitalist *Ground Rent*?

All these features are no doubt part of the Indian agricultural situation today. They indicate the heritage of the pre-capitalist order which has to a very large extent been handed down to the growing capitalist relations. The fact however remains that not only has agricultural production become commodity production but land itself has become a commodity freely bought and sold in the market. The rent appropriated by the landlord has assumed its new capitalised form, i.e., the price of land. The rent appropriated by the landlord in Indian society after the agrarian reforms carried out by the British and then by the Congress rulers thus involves: (a) the lowering of the agricultural worker's wages to a level which is less than the price of labour power; (b) the reduction of the income of the cultivator to a level lower than the average rate of profit; and (c) the addition of the interest on the capitalised form of Ground Rent. Such a situation had in fact been envisaged by Marx when he said in *Capital*:

"We are not speaking now of conditions in which ground rent, the manner of expressing landed property in the capitalist mode of production, formally exists without the existence of the capitalist mode of production itself, i.e., without the tenant himself being an industrial capitalist, nor the type of his management being a capitalist one."⁹ He cites Ireland as an illustration and goes on: "The tenant there is generally a small farmer. What he pays to the landlord in the form of rent frequently absorbs not merely a part of his profit, that is, his own surplus-labour (to which he is entitled as possessor of his own instruments of labour) but also a part of his normal wage. Besides, the landlord, who does nothing at all for the improvement of the land, also expropriates his small capital, which the tenant for the most part incorporates in the land through his own labour. This is precisely what a usurer would do under similar circumstances, with just the difference that the usurer would at least risk his own capital in the operation."¹⁰

The tenancy reforms carried out by the British rulers in their day and the more "radical" agrarian reforms carried out by the Congress rulers (including those carried out in states where there were for some time governments headed by the Communists) thus helped in bringing about a state of agrarian relations in India similar to what Marx pointed out as the specific feature of Ireland. In present-day India, as in Ireland of Marx's times, "landed property in the capitalist mode of production formally exists without the existence of the capitalist mode of production itself"; the landlord's rent "absorbs not merely a part of the profit or surplus labour of the labourer but also a part of his normal

wage". The landlord also robs the agricultural entrepreneur of the small capital he has invested in fixing his rent at a rate which does not allow the entrepreneur to realise average profit for his capital. These deductions from average wage as well as from average profit are part of the landlord's rent. It is this rent that is capitalised into the price of land. *Landlord's rent* in India is thus capitalist Ground Rent in form but continues to retain in its essence the characteristics of all its pre-capitalist predecessors.

The above-mentioned similarities between Ireland of Marx's days and present-day India however should not blind us to the differences between them. Ireland then was the direct colony of a capitalist power in the era before the transformation of capitalism from the initial competitive to monopoly or imperialist stage. India today is in the era of capitalism in its most developed form—State Monopoly Capitalism—which means that:

(a) India is politically free with the formal attributes of a bourgeois democratic republic, with the elected representatives of its people at the head of the administration.

(b) The division of the world into a capitalist and a socialist half—along with a large number of Third World countries, India being one of them—enables the ruling classes here to use the contradictions in world politics in order to assert themselves.

(c) While the above two features of the situation are more advantageous to present-day India than to the Ireland of a century ago, the crisis of world capitalism and its impact on the Indian economy and politics make our ruling classes depend on the major capitalist powers for "assistance" in India's "modernisation", i.e. in taking this country along the capitalist path. This has made the continuing and ever-deepening crisis—not only economic but political and socio-cultural as well—an inseparable part of development.

(d) The crisis of world capitalism has obliged imperialist powers to resort to new manoeuvres. The formal transfer of political power to the former colonies and dependencies including India is one of these manoeuvres. Here formal political-administrative control is replaced by the economic squeeze. Marxist-Leninists call this a change "from colonialism to neo-colonialism".

A natural consequence of these changes in the political relations between the Indian ruling classes and world capitalism is a change in the internal relations of the bourgeoisie and the feudalists. The former were, in relation to the colonial power, oppositional, while the latter were on the side of the occupying power. Today however, they are both partners in the joint oppression and exploitation of the common people. Not that the two ruling classes have no conflicts and contradictions; these undoubtedly do exist. These contradictions however are overcome in the common interest of preserving, protecting and strengthening the regime and using it against the external and internal forces, i.e.,

imperialism abroad and the working people at home. The alliance of the two classes is the class character of the present regime.

A package of measures, is adopted by the bourgeois-landlord government since 1947: the integration and merger of princely states to complete the formation of the Indian Union, abolition of the *zamindari* and other forms of statutory landlordism, reforms of the tenancy laws ending with the fixation of ceilings on landholdings, formation of co-operatives, *panchāyats* and other institutions, adoption of modern techniques of scientific agronomy leading to the "Green Revolution". These and other "reforms" in the rural areas were calculated to and did integrate the two classes—the landlord allies and the bourgeois opponents of the former colonial power—as partners in the political and administrative set-up of free India.

The apparent transformation of what was formerly pre-capitalist rent into capitalist Ground Rent, the presence in this apparently "capitalist Ground Rent" of *the essence of pre-capitalist exploitation*, i.e., the denial of average wage to the labourer and the average rate of profit to the entrepreneur, the capitalisation of this apparently capitalist Ground Rent in the price of land—these were the basis on which the two classes could form a durable alliance. They also provided the basis on which the multinational corporations and their organs like the World Bank and the IMF could penetrate into Indian agriculture.

This transformation of agrarian relations is in keeping with the general transformation of Indian society as analysed in the programme of the CPI (M), i.e., capitalism, including monopoly capitalism, being built on a pre-capitalist basis. Hence the central political task laid down in the Programme—"to unite all the progressive forces interested in destroying the pre-capitalist society and to so consolidate the revolutionary forces within it as to facilitate the most rapid completion of the democratic revolution and preparation of the ground for transition to socialism".

Conclusions for the Kisan Movement

From this analysis arise some political-organisational conclusions concerning the *kisan* movement.

First, the movement cannot advance, become "the axis of the democratic revolution", unless the political perspective with the correlation of class forces spelt out in the Party Programme are kept in mind, the rural toilers being systematically educated along these lines. Let it be recalled that the AIKS became a political force because it integrated the basic slogans of the anti-imperialist political struggle with the fundamental class demand of the peasantry—abolition of landlordism without compensation—and, on the basis of such a programmatic approach, organised partial struggles for day-to-day demands. This has to be brought up-to-date by making the struggle for People's Democratic Revolution the *key political task* and subordinating all the

specific demands of the peasantry to the general demands incorporated in the Left and Democratic programme—a preparation for the realisation of the People's Democratic Programme.

Secondly, arising out of the above central task, the peasant movement should take up every question—political and socio-cultural included—rather than confining itself to economic questions. Defence of political democracy as against authoritarianism, preservation and strengthening of national unity against separatism, emancipation of the oppressed castes from the centuries-old bondage, secularism on the basis of complete separation of religion and the state as well as protection of minorities from majority chauvinists, liberation of women from antiquated social institutions, etc.—these should find prominent place in the Kisan Sabha activities. So should the organisation take up the questions of war and peace, neo-colonialist attacks on the Third World and other international questions for broad mass campaign. On every one of these national and international questions, the peasant movement should develop relations of united campaigns and struggles with the Trade Unions and other fighting organisations of the working people.

Thirdly, on the economic questions themselves, the earlier emphasis on the struggle for land distribution as the central slogan of action should be replaced by “channelising many other agrarian currents, like the question of wages for rural workers; the issue of rent reduction, the abolition or scaling down of peasant indebtedness, fair price for agricultural produce, the reduction of tax burdens and the abolition of landlord and police zoolum, the removal of corruption etc.”, even while projecting “the land seizure and its distribution as the central propaganda slogan” and while “organising struggles for waste land, forest land and the so-called ‘surplus lands’ under the ceiling acts” (CPI (M) Jullunder Resolution). This approach, the Resolution went on, will help in harnessing all currents into one big agrarian stream and achieve “maximum peasant unity isolating the handful of landlords and their hirelings”.

Finally, the Party should undertake the organisational tasks of (a) building mass Kisan Sabhas and agricultural labour organisations; (b) forging unity of action between the Kisan Sabhas and agricultural labour unions, as well as with other organisations of rural toilers; (c) taking national and international politics to the rural toilers; (d) popularising Marxism-Leninism among the rural toilers and organising groups of advanced militants to become Party sympathisers, developing them into Party members. These organisational tasks are inseparable from the political tasks outlined in the Party programme.

1 K Marx, *Capital*, Vol III, Progress, p 618. Emphasis added.

2 *Ibid*, pp 617-618.

3 *Ibid*, pp 794-795.

4 *Ibid*, p 797.

5 *Ibid*, pp 798-802. Emphasis added.

6 *Ibid*, p 810.

7 Quoted in V I Lenin, "The Agrarian Programme of Social Democracy in the First Russian Revolution", in *Collected Works*, Vol 13, p 299.

8 *Ibid*, pp 299-300.

9 Marx, *Capital*, Vol III, p 625.

10 *Ibid*.

R S SHARMA*

How Feudal was Indian Feudalism?

SEVERAL SCHOLARS have questioned the use of the term feudalism to characterise the early medieval socio-economic formation in India.¹ But the points raised by Harbans Mukhia² deserve serious attention. He rightly suggests that, unlike capitalism, feudalism is not a universal phenomenon. But in our view tribalism, stone age, metal age, advent of food producing economy are universal phenomena. They do indicate some laws conditioning the process and pattern of change.

Tribalism may continue or be followed by different forms of state and class society, but it appears universally. Tribal society has many variations. It can be connected with any of the modes of subsistence such as cattle pastoralism, other types of pastoralism, hoe agriculture, plough agriculture, etc. The advent of agriculture requires cooperation and settlement at one place, and creates a lasting base for the tribal set-up. Many tribal societies practise shifting cultivation or swidden cultivation. But an advanced type of agriculture produces substantial surplus and creates dents in tribal homogeneity. Conditions appear for the rise of classes based on status and wealth and above all on the large-scale exploitation of the bulk of the kinsmen by a few people on top. In such a situation the tribal system gets heavily corroded.

Similar, although the tribal society is organised on the principle of kinship, this organisation could have large variations. Some form of organisation, inherited from the band society, would be developed further in the tribal stage. Cooperation in production efforts would be needed; division of labour would be required. But this could be on the matriarchal basis, patriarchal basis, on the basis of a combination of the two, and in fact could rest on an organisation based on all kinds of kinship combinations and permutations. Marriage practises and laws of 'property' inheritance might differ from one tribal society to the other, and may differ even in the same tribe. But, in spite of these variations, tribal society has been found on a universal scale. Therefore the concept of tribe is useful even for the understanding of social formations known from written texts.

*Professor, Department of History, Delhi University.

It is not necessary to posit diffusion of tribal society although this may have taken place in certain cases. Although feudalism does not seem to be as universal as tribalism, in the Old World it was undoubtedly more widespread than the slave system. The concept of peasant society is still in a nebulous state. But if peasant society means a system in which the orders of priests and warriors live on the surplus produced by peasants and augmented by the activities of the artisans, such a society existed in a good part of the Old World. Tribalism, peasant society or slave system could originate due to internal or external factors or due to both. Similarly it is not necessary to think in terms of the diffusion of the feudal system, although this happened in certain cases. For instance, the Norman feudalism in England was a result of the Norman conquest.

The Essence of Feudalism

But just as there could be enormous variations in tribal society so also there could be enormous variations in the nature of feudal societies. It is rightly stated by Marx that feudalism "assumes different aspects, and runs through its various phases in different orders of succession".³ But certain universals remain the same. This is admitted even by critics of Indian feudalism who think of the variants of feudalism.⁴ Feudalism has to be seen as a mode of the distribution of the means of production and of the appropriation of the surplus. It may have certain broad universal features and it may have certain traits typical of a territory. Obviously land and agricultural products play a decisive role in pre-capitalist class societies, but the specific situation about land distribution and the appropriation of agricultural products will differ from region to region. It could be nobody's argument that what developed in pre-capitalist Western Europe was found in India and elsewhere. Historical laws, as far as they are known, do not work in this manner, nor could one say that feudalism was the monopoly of Western Europe. It is not possible to have any neat, cut and dried formula about feudalism. The most one could say about the universals of feudalism could be largely on the lines of Marc Bloch and E. K. Kosminsky.⁵ Feudalism appears in a predominantly agrarian economy which is characterised by a class of landlords and a class of servile peasantry. In this system the landlords extract surplus through social, religious or political methods, which are called extra-economic. This seems to be more or less the current Marxist view of feudalism, which considers serfdom, 'scalar property' and 'parcellised sovereignty' as features of the West European version of the feudal system. The lord-peasant relationship is the core of the matter, and the exploitation of the estate by its owner, controller, enjoyer or beneficiary as its essential ingredient. With these minimum universals, feudalism may have several variations. The particularities of the system in some West European countries do not apply to the various types of feudalism.

found in other areas. For example, evidence for peasant struggles against landlords in other countries has not been produced in sufficient degree. Similarly, artisan and capitalist growth within the womb of feudalism seems to be typical of the West European situation where agricultural growth and substantial commodity production created major structural contradictions. The nature of religious beneficiaries, who grabbed a major portion of land, also differed from country to country. Thus the Church was a great landlord in Portugal. Buddhist and Confucian establishments controlled land in Korea. Buddhist monasteries were also important in eastern India. Temples emerged as estates in south India, and many Brahmanas enjoyed a similar position in upper and middle Gangetic basins, central India, the Deccan, and Assam. Non-religious landed intermediaries also appear in different forms in different parts of India and outside this country. In certain parts of the country, for example in Orissa, we find tribal chiefs being elevated to the position of landlords. In other parts many administrative officials enjoyed land taxes from the peasants. But in spite of all these variations the basic factor, namely, the presence of a controlling-class of landlords and a subject peasantry, remains the same at least in early medieval times.

Again the degree of the servility of the peasants to the landlords might differ from region to region; so also the composition of the cultivating class. The development of agriculture, handicrafts, commodity production, trade and commerce and of urbanisation could create conditions for differentiation in the ranks of the peasantry. Those peasants who produce a little over and above their needs of subsistence might buy their freedom by payment of money in lieu of labour service provided such a practice was favoured by the state and provided a reasonable extent of market economy was available. Several peasants might be reduced to a state of further penury and rich peasants might grow at their cost. But where such developments do not appear, a more or less homogeneous peasantry might continue. However, differences in the techniques of farming and the nature of the soil might affect the agricultural yield and create variations.

Similarly peasants might be compelled to work as serfs on landlords' farms in Western Europe. But serfdom should not be considered to be identical with feudalism.⁶ It was after all a form of servility, which kept the peasant tied to the soil and made him work on the farm of his lord. Those peasants who were compelled to pay heavy rents in cash and kind to the landlords or required to provide both rent as well as labour were as servile as those who supplied only labour. It also makes some difference to his servility if a peasant has to bear allegiance only to the landlord. If he has to be loyal to both the state and the landlord then it could be either a case of double servility or divided loyalty. But the fundamental point at issue is the subjection of the peasantry, and that subjection is found in all the possible situations to

which we have referred earlier. There is no doubt that this subjection is a characteristic of early medieval Indian social structure.

It is argued that the peasant in medieval India enjoyed autonomy of production because he had 'complete' control over the means of production.⁷ What is the significance of owning the means of production? Is it not meant for using the fruits of production? Do the fruits stay with the peasant or are these substantially appropriated by the landlord? How does this appropriation become possible? What is the mechanism that enables the landlord to appropriate the surplus, a part of that fruit? Is it merely because of his control over the means of production or because of his coercive power? Or is it extracted through the ideological weapon such as the peasant's belief that he is duty bound to pay? The latter ideology that the landlords are the parents of the peasants⁸ is reminiscent of the tribal outlook. But this idea may have been further fostered by the priestly landlords in medieval times. At present we will not try to answer all these questions but take up the problem of the distribution of the resources of production in early medieval India.

The Distribution of Resources in Early Medieval India

Obviously land was the primary means of production. But the real difficulty about the understanding of distribution of land is caused when we think in terms of exclusive control over land by one party or the other. It should be made clear that in early medieval times in the same piece of land the peasant held inferior rights and the landlords held superior rights. One may possess land, labour, oxen, other animals and agricultural implements. But we have to find out how effective is this 'control' over the means of production. Do other conditions such as taxes, forced labour, constant interference by on-the-spot beneficiaries, who were ever present, make the peasant's control really operational? Obviously nobody would kill a hen that lays eggs. So peasants would be allowed to stay alive. But that should not be understood as their effective control over the means of production.

In fact land grants leave hardly any doubt that the landlords enjoyed a good measure of general control in the means of production. Why did the landlords claim various types of rents from the peasants and how could they collect their demands? Clearly they did so on the strength of royal charters which conferred on them either the villages or pieces of land or various types of taxes. Why did the king claim taxes? Formerly the king claimed taxes on the ground that he afforded protection to the people. In early medieval law-books he claimed taxes on the ground that he was the owner of the land.⁹ Numerous epithets indicate that the king was the owner of the land in early medieval times.¹⁰ Now by the charter he delegated this royal authority to the beneficiary, and on this strength the beneficiary claimed taxes. The king was called *bhumidata*, giver of land. It was repeatedly said that

the merit of giving land accrues to him who possesses it.¹¹

Generally the early charters give the beneficiary usufructuary rights. But the later charters grant such concessions as render the beneficiary the de facto owner of the village land. The donated village/villages constitute his estate. For example, the beneficiary is entitled to collect taxes, all kinds of income, all kinds of occasional taxes, and this 'all' (*sarva*)¹² is never specified. Similarly he is entitled to collect proper and improper taxes,¹³ fixed and not fixed taxes,¹⁴ and at the end of the list of the taxes the term *et cetera* (*adi, adikam*)¹⁵ is used. All this adds enormously to the power of the beneficiary. These extraordinary provisions could serve as a self-regulating mechanism as and when production increased,¹⁶ but they could also interfere with the expansion of production. Some provisions clearly created the superior rights of the beneficiary in the land of the peasants. For example, the land charters of Madhya Pradesh, northern Maharashtra, Konkan and Gujarat in Gupta and post-Gupta times empower the beneficiary to evict the old peasants and introduce new ones; he could assign lands to others. Now such concessions leave no doubt that the beneficiary was armed with superior rights in land, which of course was in actual occupation of the cultivator. Most grants after the 7th century A D give away the village along with low land, fertile land, water reservoirs, all kinds of trees and bushes, pathways and pasture grounds. In eastern India grants the village was granted along with mango trees, *mahua* (*Bassia datifolia*) trees and jack-fruit trees and various other agrarian resources. Cotton, hemp, coconut and arecanut trees are also given away in grants, but this happens mostly after the 10th century when cash crops assume importance. Such provisions connect the agrarian production directly with the beneficiary and, more importantly, transfer almost all communal agrarian resources to him. If a peasant does not have free access to various agrarian resources his autonomy in production is substantially crippled. Only a free exercise of the agrarian rights mentioned above can make his unit effective in production. Till recent times the powerful landlords barred and blocked the access of the weak and helpless peasants to such rights and could make their life impossible. Of course the caste system helped this process. The untouchables had no access to public tanks, wells, etc. Even if they possessed their bits of land, how could they function independently in production?

Most charters ask the peasants to carry out the orders of the beneficiaries.¹⁷ These orders may relate not only to the payment of taxes which will be concerned with the fruits of production but they may also relate to the means and processes of production. In a way the blanket authority to extract obedience places the peasant at the back and call of the beneficiary. It implies general control over the labour power of the peasants, and undoubtedly labour is an assential ingredient of the means of production. This labour may be used either

in the fields cultivated by the peasant or in those directly managed by the beneficiary. The beneficiaries may insist on having certain types of produce for their ostentatious and unproductive consumption, and with all the seigniorial rights that they possess they can compel the peasants to produce those cereals or cash crops which they need.

We may also note that the law-books of Yajñavalkya, Brhaspati and Vyasa specify four graded stages of land rights in the same piece of land. Thus we hear of *mahipati*, *ksetrasvamin*, *karsaka* and the subtenant or leaseholder.¹⁸ It is important that the medieval jurists understood *svamitva* in the sense of ownership and *svatva* in the sense of property, and this was considered to be a significant distinction in Hindu law.¹⁹ The *svamin* therefore could be equated with the landed beneficiary and the *karsaka* or the *ksetrika* with the rent-paying tenant peasant. Multiple, hierarchical rights and interests in land, which was the chief means of production, can be inferred even from Gupta land sale transactions. These transactions mention the interest of not only the king but also that of the local administrative body (*adhiparajana*) dominated by big men; we also hear of the beneficiaries and of the rights of the occupant of the plot.²⁰ Of course in several Gupta transactions no occupant is mentioned, and it further appears that money for the purchase of the land is paid not only to the *adhiparajana* but also probably to the occupant. These typical land transactions are found in Bangladesh. But in the grant system which became widespread in post-Gupta times the local *adhiparajana* disappeared, and was generally not consulted in matters of land grants.

Hierarchical control over land was created by large-scale subinfeudation, especially from the eighth century onwards.²¹ Subinfeudation gave rise to graded types of landlords, different from the actual tillers of the soil. Such a process seems to be in line with a significant generalisation made by Marx about feudalism. According to him "feudal production is characterised by division of soil amongst the greatest possible number of subfeudatories".²²

The peasantry was divested more and more of its homogeneous and egalitarian character. Many indications of unequal distribution of land in the village are available. We hear not only of Brahmanas but also of the chief Brahmana, *mahattama*, *uttama*, *krsivala*, *karsaka*, *ksetrakara*, *kutumbin* and *karuka*, land endowed Brahmanas and *agraharas*. We also hear of *ksudra prakrti* or petty peasants, not to speak of Meda, Andhra and *candala*. It is obvious that certain people in the villages had a greater share in the sources of production and apparently possessed more than they could manage directly. It is also obvious that such people got their lands cultivated by petty peasants either through lease holding or through sharecropping or through the system of serfdom. We have therefore no means to establish that most peasants living in the villages were in 'complete' control of the means of production.

Terminological studies throw interesting and revealing light on

the relation of the peasant to the land in early India. The English term peasant, which literally means rustic or countrymen, can be translated into *janapada*, which means an inhabitant of the countryside. That the *janapada* or the territorial unit formed by the countryside was considered to be a source of revenues is well known. Among the other qualities of a *janapada* are those of possessing active peasants capable of bearing taxes and fines (punishments).²³ Naturally when the peasantry was oppressed it led to the revolt of the peasants (*janapada-kopa*), which term occurs in the *Arthashastra* of Kautilya.²⁴ Curiously the term *janapada* is not in much use in medieval Sanskrit literature although it occurs in early medieval inscriptions. In medieval times *jana* came to mean a dependent who was valued and acquired because of his labour power. Thus he could be a servile peasant. What is more significant, in several Indo-Aryan dialects of Bihar the term means field labourer. In practice some of these labourers are given small patches of land to earn their subsistence. This practice is apparently a survival of the medieval system according to which *jana* or field workers were possessed by and transferred to landed magnates, as can be inferred not only from inscriptions but also from works on horoscopy.²⁵ This would show that the tribal *jana* with egalitarian ethos is reduced to almost a serf.

The terms for the peasant used in medieval texts, and particularly in inscriptions, indicate the change in the nature of the peasant's relation to the land he cultivated. From the age of the Buddha to the advent of the Gupta period taxpaying Vaisyas continued as an omnibus order, comprising mostly peasants. But by early medieval times they were reduced to the position of the Sudras who, in spite of having acquired peasanthood, continued to bear the hallmark of servitude.²⁶ *Gahapati*, literally head of the household, was the term used for the landowning peasant in early Pali texts²⁷ typical of the middle Gangetic plains which witnessed the rise of the first large states. He seems to have enjoyed substantial autonomy in his unit of production. But the term almost disappears in land grant inscriptions. *Gahapati* or *grahapati* becomes village headman in later texts.²⁸ A clear term for peasant is *ksetrika* or *ksetrin*,²⁹ which means controller of land, but even this is sometimes understood as an agriculturist or cultivator in later texts and lexicons. From *ksetrika* in Assamese is derived *khetiyaka*,³⁰ which means cultivator or husbandman, and is not necessarily the owner of the field. A common term used for the peasant in many grants, especially in those from eastern India, is *ksetrakara*,³¹ which literally means cultivator. The term *shetkari* in Marathi is probably derived from it,³² and does not always mean the owner of the land. Some other terms used in inscriptions are *karsaka*³³ and *kutumbin*.³⁴ The term *kutumbin* gives some indication of an autonomous peasant family, but it occurs mainly in early land records from eastern India and Madhya Pradesh. In later grants from eastern India it is replaced by *ksetrakara* or *karsaka*. In Gujarat and Rajasthan the *kutumbika* loses his status,

for he is sometimes transferred to the beneficiary along with the land.³⁵ According to Yajnavalkya (c A D 300) the *karsaka* is a mere cultivator in the service of the landowner or *ksetrasvamin*, whose field lay under the general control of the king (*mahipati*).³⁶ In the Candella grants in eastern Madhya Pradesh the *karsaka* was made over to the assignee along with the village.³⁷ Land grants also use the term *halika*³⁸ or ploughman. Sharecroppers are indicated by *arddhika*, *arddhasirika* or *arddhasirin*. In literature the word *kinasa* is also used.³⁹ Evidently these terms have nothing to do with control over land. The term *kisan*, so common now in India, is derived from *krsana* or one-who ploughs. The word *krsivala*⁴⁰ or cultivator is also frequently used in medieval texts. The term *langalopajivin* or one who lives by ploughing is used in *Brhat Samhita*.⁴¹

A review of the terms used for the peasant in medieval inscriptions and literature fails to present the peasant's image as a controller of land. On the other hand we have such technical terms as *bhokta*, *bhogi*, *bhogika*, *bhogijana*, *bhogapati*, *bhogapatika*, *bhogikapalaka*, *bhogirupa*, *mahabhogi*, *brhadbhogi*, *brhadbhogika*, etc., used generally for those who enjoyed landed estates.⁴² Here we have not taken into account many other terms connected with *raja*, *ranaka*, *samanta*, *mandalesvara*, etc., who happened to be large landed intermediaries. The contrast between the two types of terms is obvious. Some people are meant for cultivating, and some meant for enjoying the fruits of production. There is nothing to show that the peasants who produced were in firm and independent control over their holdings. And finally there was the state symbolised by the king, whose general authority over land was recognised by numerous epithets used for him in early medieval records.⁴³

Control over Land and Seigniorial Rights

The point that there were superior and inferior rights in the same piece of land was made much earlier,⁴⁴ but the common phrase 'means of production' was not used in that context. It may be added now that the practice of granting a village with all possible taxes and impositions and with all its resources created a kind of feudal property in contrast to peasant property and communal rights. The new phenomenon caused headache to medieval jurists and law commentators, who found neither much of a sanction nor a precedent in the early law-books. Therefore Vijnanesvara, the famous author of the *Mitaksara*, which enjoyed authority in a large part of the country in legal matters, propounded the principle of the popular recognition of property. He and his followers, including Mitra Misra, maintained that property had its basis in popular recognition without any dependence on the *Sastras*.⁴⁵ Commenting on a passage of Gautama,⁴⁶ Haradatta of about the twelfth century expressed a similar view. According to him even short enjoyment of *bhumi*, which is explained as cultivated field (*ksetra*) and orchards, gardens, etc. (*aramadika*) confers property-rights on the

enjoyer.⁴⁷ Short enjoyment probably means a period of less than ten years.⁴⁸ The complexities caused by the superimposition of new rights on the means of production hitherto effectively controlled by the peasants, also because of their free access to various village resources, baffled the medieval jurists who had to recognise the multiplicity of rights in the same piece of land. It is worth reproducing a question, which was used by me earlier. 'The Indian jurists took it for granted that the incidents of particular manifestations of ownership might differ, while the *svatva* (rights)⁴⁹ of the king, the *svatva* of the landowner, the *svatva* of the tenant-farmer, and in an extreme case, even the *svatva* of the mortgagee in possession (as against a trespasser) were all comprehensible under the single term of property.'⁵⁰ It has been shown that in law as well as in actual practice these rights were graded. In the Indian context one could therefore talk of the varying degrees of control over land, which was the primary means of production, and not of exclusive rights of either the landlord or the peasant. But the grants show an increasing tendency to establish the superior rights of the landlord at the cost of both the king and the peasantry so much so that ultimately assignments are converted into virtual estates.

More effective control over the means of production obtained in such cases as transferred plots of land to the beneficiaries. Many big plots of land in Vidarbha and Maharashtra were assigned to gods and Brahmanas under the Vakatakas and also under the Rastrakutas. For example, eight thousand *nivartanas* of land was granted to one thousand Brahmanas by Pravaraśena.⁵¹ Similarly four hundred *nivartanas* of land was granted to a single Brahmana.⁵² Again the same measure of land was granted to a god.⁵³ Further 2052 *nivartanas* of land was granted to Brahmanas.⁵⁴ We learn from earlier authorities that in the Deccan land measuring 6 *nivartanas* was considered to be sufficient for maintaining a family of a Brahmana which may have consisted of 5 to 8 members. But the instances given above refer to large stretches of land, which could not be cultivated by the Brahmana beneficiaries themselves. Even if labour in a Brahmana family was available for smaller pieces of land, they would not actually cultivate it because of social inhibitions. But, more importantly, grants of large plots introduced an element of direct control of the beneficiary over the means of production.

An important factor which gave the beneficiaries general control over the means of production was the conferment of seigniorial rights on them. The charters authorised the beneficiaries to punish people guilty of ten offences,⁵⁵ including those against family, property, person, etc., and to try civil cases.⁵⁶ Further royal officers were not allowed to enter their territory⁵⁷ and cause any kind of obstruction in their functioning.⁵⁸ All these are as good as manorial rights, and might even enable the beneficiary to force the peasant to work in his field. It would appear that the right to try cases on the spot involving the imposition of fines could seriously interfere with the process of

production. It is therefore obvious that the political and judicial rights, which were non-economic rights, helped the beneficiaries to carry out the economic exploitation of the peasants in an effective manner living in his estate. This may have been a successful way of governing the vast population because the crimes could be nipped in the bud on the spot. But at the same time these non-economic rights served to enforce the general economic authority of the beneficiaries over both the means and the processes of production. It may further be noted that in many cases the beneficiary was empowered to adopt all measures to enjoy the village, and the term used for this was *sarvodaya-samyuktam*.⁵⁹ He was also authorised to enjoy the fruits according to his sweet will. If we carefully examine the phrase *sambhogya yavadichcha kriyaphalam*⁶⁰ it would mean that the donee could even intervene in the process of production. If a person is entitled to the enjoyment of the fruits of the process of production according to his discretion, he may develop a natural tendency to control the process (*kriya*) itself on which the nature and the amount of yield depend. Sometimes whatever belonged to the village (*svasambhoga sametah*) was to be enjoyed by the beneficiary.⁶¹ The beneficiary was also granted the village along with all its products (*sarvotpattisahitah*).⁶² The Candella charters from eastern Madhya Pradesh name the crops that were produced in the donated villages. Does it mean that the peasant could not alter the pattern of crops? At any rate all such provisions could create the interest of the landed beneficiary in the means and process of production. It would be really extraordinary if the beneficiary does not keep an eye over the resources, processes and fruits of production in such cases.

It is not clear how the peasants were provided with agricultural implements. The charters authorise the beneficiaries to enjoy all that is hidden under the earth. This will amount to giving the mining rights to the beneficiaries. It is well known that the mining rights belonged exclusively to the king. The king may have acquired this monopoly at the initial stage as the head of the tribe or the community. Once this exclusive control over iron and other types of mines passed into the hands of the beneficiaries, they could also control the supply of agricultural implements to the peasants. But in pre-feudal times the big landowners did not have such rights in lands. Mining rights belonged to the king who symbolised the community, and the peasants may not have experienced difficulties in procuring agricultural implements.

Not only are the successors of the king and people in power asked to observe the terms of the grants⁶³ but also all those who would upset the grant are threatened with the use of force.⁶⁴ In some warnings corporal punishment (*sariradandam*) is clearly mentioned.⁶⁵ The threat to use force is found mostly in the grants from Madhya Pradesh, Maharashtra, Andhra and Karnataka, and the earliest example belongs to the fourth century in a Pallava grant from Guntur district. In

addition, the enemies of the land grant were invested with all kinds of curses and most heinous sins. The idea that a peasant was the complete master of the means of production is also belied by the philosophical teachings found at the end of most grants. The grants underline the instability of life. Apparently this instability of life is based not merely on the idea of death which overtakes everybody ultimately but also on the fickleness of fortune. The concept of the fickleness of fortune (i.e., mobility of Laksmi) is mainly derived from the frequent transfer of control over the means of production from one hand to the other. It would therefore appear that ideology, derived from the relations of production, strengthened the general control of the beneficiaries over the means of production. Ideology was used for indoctrinating the producers in ancient times also. Through ideology and administration, the priests and warriors regulated production and distribution in pre-feudal times, but now they acquired an effective hand in the mode of production because of their general, superior control over land, which was the chief means of production. The beneficiary started with the state-sanctioned title to various types of dues delivered by the peasants to the state, but in course of time his claims were made so comprehensive that because of his local presence and delegated administrative powers he could convert his title into possession and could treat the donated village as his estate. It is clear that the peasants had to reckon with the control of the donee over the village resources.

The real problem therefore is not to demonstrate the autonomy of peasant production which in any case was drastically curtailed in the land grant areas. But it is more worthwhile to determine the extent and impact of peasant population working in the land grant areas and that of similar people working in the non-land grant areas in medieval times.⁶⁶ Since references to palm-leaf (*talapatra*) and birch-bark (*bhurjapatra*) *sasana* charters even for religious purposes are found in Assam and Madhya Pradesh, it is likely that many such grants were issued in favour of both religious and secular parties. We learn how these *patra* grants were burnt and replaced by copper plate charters in Assam⁶⁷ and Madhya Pradesh.⁶⁸ Another important problem is to identify and plot on maps the donated villages or plots of land region-wise within a short time bracket (say within half a century or so). We have shown earlier that in the donated villages the beneficiaries enjoyed superior authority in the means of production. Donated fields, many of them very large in area, were without doubt under the direct and complete control of the beneficiaries, who manipulated its production resources and processes.

Surplus Collection and the Pattern of Production

It is argued that landed beneficiaries were mainly concerned with the problem of surplus collection. But the question of surplus collection/distribution cannot be viewed in isolation from that of the pattern of

production. In a feudal system of production we expect the lord's share called rent, in labour and cash/kind, and this is coupled with a patron-client system of distribution, primarily between the peasant and the landlord. For surplus collection superior rights in the land of the peasants become the pre-condition. More surplus seems to have been extracted because of more product. In pre-Gupta times the surplus was mainly collected by the agents of the state in the form of taxes, or by priests in the form of gifts. There were a few landowners working with the help of slave and hired labourers in the age of the Buddha. We hear of state farms in the *Arthashastra* of Kautilya. But state control could operate only in small areas. By and large the settled part of the country had independent units of production and was also blessed with some amount of market economy. But market economy was not so strong as would enable the rich landowner to invest his capital in new enterprises and work for profits, and would thus eventually lead him to the capitalist path. At best a millionaire such as Anathapindika would purchase land for donation to the Buddha. There could be other such examples. Payment in cash could be made for the sale of cereals and for the purchase of petty commodities by the peasants. Generally, in pre-feudal times the priests, warriors and administrators were entitled to the surplus in the form of taxes and gifts for services rendered, but a good deal of these payments was made in cash. Peasant units of production first appeared in the age of the Buddha and not in post-Maurya times. Slavery was neither preponderant nor negligible in production. Large holdings, including Maurya state farms, were worked by slaves and hired labourers, in the middle Gangetic plains, but big landowners were swamped by peasants. The Vaisya, who was almost identical with the peasant, was the principal taxpayer. His counterpart in the Buddhist idiom was a peasant householder who contributed to the increase in cereals and paid taxes to the state (*gahapatiko karkarako rasivaddhako*). Thus the peasant units of production functioned more or less effectively in pre-Gupta times. But after that the authority of the peasants over these units suffered erosion because of the appearance of landed beneficiaries supplemented by large disappearance of trade and urban centres. In India the problem of the rise of the landed magnates is not connected with "the decomposition of the slave mode of production" but with the decreasing control of the peasant over his unit of production, coupled with his restricted access to the communal agrarian resources. As will be shown later, overtaxation and imposition of forced labour by the state created such problems as called for new remedies.

To think that the fight for a share in the cake does not necessarily affect the production of the cake is to ignore historical examples. It is true even of capitalist societies in which such fights eventually lead to structural changes. In conditions of early medieval times the beneficiary demanded his pound of flesh because he claimed superior rights in land.

If the object of the grant was the maintenance of the beneficiary and the provision of requirements either for worship or for domestic purposes the peasant could be compelled to produce certain cereals which were badly needed by the donee.

If parts of the products are placed at the disposal of the grantee; what is the difference between enjoying the means of production, that is, land, and the fruits of production? Land does not mean anything without its products. Whoever seizes land rich with crops (*sasyasamrddam vasundharam*) is guilty of great sins, so goes the medieval saying. Thus land carried meaning in the context of its products. Surplus was collected not only after production but also in the course of production. On-the-spot collection and quick administration could be the most effective way of managing a large population.

The Question of Serfdom

On the basis of the land charters we can say that in the donated areas the landed beneficiaries enjoyed general control over production resources. Of course they did not enjoy specific control over every plot of land that the peasant cultivated. But there is nothing to question their control over the plots of lands that were directly donated to them by the king, sometimes along with the sharecroppers⁶⁹ and weavers and sometimes along with the cultivators.⁷⁰ This raises the problem of serfdom. It is thought that feudalism was identical with serfdom, and there seems to be an assumption that serfdom was the only potent method of exploiting the peasants. It may be very effective, but other forms of servitude imposed on the peasantry did not prove inoperative and unproductive. After all what is the essence of serfdom? In this system small farm units are attached to big farm units, and the two are interdependent for purposes of production. Big farms are directly managed by manorial magnates but cultivated by those who possess small plots. Therefore serfdom means giving more of surplus labour than surplus produce. But in the Indian case surplus produce is extracted more through the general control exercised by the landed intermediaries than by their employment of serfs. A serf also occupies some land and provides his family with subsistence. But he not only pays rent in cash or kind for exploiting his unit of production but also spends extra hours labouring on the field of his lord. However, if these extra hours of his are used on the field occupied by him the extra yield does not necessarily stay with the cultivator. On the other hand, it enables him to pay more rent in cash or kind to his lord.

It has been argued that serfdom is an incidental feature in the case of India.⁷¹ But the evidence cited so far would show that it is more than incidental.⁷² In any case if the lord gets his share without reducing too many people to serfdom, what basic difference does it make to him or to the social pattern? Both systems are concerned with extracting the lord's share; in both the cultivator is a dependent peasant.

under the exploitation of his lord, and in both cases the social structure is beset with the internal contradiction between the landlord and the actual tiller. A beneficiary may not possess big plots but he possesses too many plots which make management difficult. In fact laws of partition of land became effective in Gupta and post-Gupta times⁷³ and they may have contributed to the fragmentation of land. Fragmentation of land is also indicated by epigraphic sale transactions found in Bangladesh.⁷⁴ Therefore if a landlord possesses too many plots, tenantry and sharecropping may be more convenient than getting the land cultivated through the deployment of serfs.

It is argued that because soil in India was very fertile, there was no scope for the rise of serfdom or forced labour.⁷⁵ But we have indications of forced labour in the middle Gangetic basin where the soil is the most fertile. Till recent times poor tenants, belonging to lower castes, were forced by landlords from upper castes to work in the fields at meagre wages.⁷⁶ Peasants were compelled to plough the land of the landlords and do various kinds of odd jobs for the sake of the landlords in other fertile areas. This is known as *hari* and *begari* in the whole Gangetic basin area. The medieval term for the first is *halikakara*,⁷⁷ and for the second is *visti*, from which *bethbegari* is derived. The Pala charters found in Monghyr, Bhagalpur, Saharsa and Nalanda districts, all forming parts of the middle Gangetic plains, mention the term *sarvapidaparihrta*. This means that the peasants were subjected to all types of forced labour and oppressions, but when the village was transferred to a beneficiary he became entitled to these advantages without the interference of the state. Forced labour may have originated in less populated areas but not necessarily in less fertile parts. In any case, once its usefulness was recognised it spread to more populated parts.

Feudalism flourished in paddy producing areas. Paddy production requires 50 per cent more man hours than wheat production. According to a popular saying in Patna and Gaya districts, wheat cultivation can be undertaken even by a widow, who represents an image of helplessness in the countryside. Evidently wheat requires less and barley requires least labour. Therefore paddy transplantation would mean scarcity of labour in peak season; and it could be necessary to take to forced labour. We need not add that the term *satpadyamanavisti* is used frequently.¹⁸ It has been translated to mean the use of forced labour as occasions arise. But since the term qualifies the donated land or village, it might mean the labour generated or produced by the village in future.⁷⁹ This was a significant development in a good part of the country. It would imply that besides customary sources of forced labour new sources could be exploited by the beneficiaries according to their needs. Unfortunately these sources are not specified in medieval records. That there were various types of forced labour is clear from the use of the term *sarvavisti*⁸⁰ in many land grants, particularly in Vakataka grants. It is

obvious that these many types may have included the use of labour in the fields. The evidence from the *Skanda Purana* produced by B N S Yadava leaves little doubt that hundreds of people were compelled to do forced labour and this was evidently meant for production.⁸¹ Hence serfdom cannot be dismissed as an incidental feature.

If serfdom is understood as compulsive attachment of the peasants to the soil, it prevailed in good parts of Madhya Pradesh, eastern India, Chamba and Rajasthan. In many cases the charters clearly transfer the peasants, artisans and even traders to the beneficiaries.⁸² In most charters they ask the villagers, the peasants and other inhabitants of the villages to stay in their villages and to carry out the orders of the beneficiaries. This fact of immobility of peasants and artisans has not been contested by anybody so far. However, it is argued that even if these people were allowed to move, what purpose it would have served. If such a view is taken, then what is the point in underlining the absence of serfdom in the Indian context? After all, in conditions of serfdom a peasant has to be tied to his piece of land and when that piece of land is transferred the peasant is automatically transferred. This practice prevailed widely in early medieval times. Nevertheless, they were not engaged widely in agricultural operations in the fields of their landlords. If it is argued that peasants were not employed in production but in building forts, roads, temples, massive and impressive structures, then we may say that all such grandiose projects were undertaken by the landed aristocracy, chiefs and princes, to strike the people with their awe and majesty. They could be of great indirect help in collecting taxes and presents from the peasantry. Some of them, such as building of roads, could be eventually useful from the point of production. The employment of forced labour therefore did not depend on the fertility of the soil but on the realisation of its usefulness by the landlords. There is no doubt that the rural aristocracy led an ostentatious and luxurious life requiring much consumption. Although we cannot measure the rising expectations of the landlords we notice indications of growing luxurious living.

The practice of forced labour, sharecropping or the leasing of land was promoted and supported by social institutions and inhibitions. The law-books ask the Brahmanas not to take to the plough. It seems that the upper caste people could not transplant paddy.⁸³ Naturally even in a small holding which could be managed by their family labour, such people would need some labour which could be either forced labour or sharecropping. In such a case it is immaterial whether the soil is less fertile or more fertile, for at any rate labour will have to be drafted from outside the family unit. Lack of labour power and plenty of land create conditions for introducing an element of compulsion. But this can happen only in a particular socio-economic formation. We have lack of labour in socialist and even capitalist countries, but that does not necessarily lead to forced labour.

The idea that the gap between the labour potential of the family and the land it has leads to feudal conditions may be far from true. Underutilisation of labour capacity may not necessarily produce demand for such labour in the form of forced labour. This labour can also be invested in auxiliary crafts in response to agricultural and domestic demands. But, what is more important, if the needs of the landlord are met otherwise through rents and presents, why should he assume direct and onerous responsibility for cultivation and mobilise labour power for that purpose? At present we have no means to measure the needs, demands and expectations of the landlord, which may vary region-wise. These needs could be easily met by the landlords because of the provisions of the charters empowering them to depart from customary and established taxes and impose and introduce new levies and new forms of forced labour.

Social Crisis as the Origin of Land Grants.

It is repeatedly stated that no new mode of socio-economic formation can appear as a result of political, administrative and juridical measures,⁸⁴ little realising that the colonial system in India owed its origin largely to such measures. The king in ancient India symbolised state authority, and the state was backed by priests and warriors who lived on the surplus produced by the peasants and further supplied by the artisans. This kind of state and society appeared in the age of the Buddha. It continued to function more or less smoothly till the 3rd century A.D. But there are many passages in the epics and the Puranas, which speak of a kind of social crisis symbolised by the Kali age. These passages are ascribed to the second half of the 3rd century A.D. and the beginning of the 4th century A.D. They depict a state of affairs in which rural people were oppressed with taxes and forced labour,⁸⁵ which was considered an important element of the military power. The oppressions of the state coupled with the havoc caused by natural calamities created a state of chaos, and the lower orders, particularly the Vaisyas and the Sudras, refused to perform the functions assigned to them. On top of it the peasants refused to pay taxes.⁸⁶ The *Manu Smṛiti*, *Saṁti Parva* and other texts suggested two measures to overcome this social crisis. One was the use of force or *danda*, which is glorified in these texts. The other was the restoration of the *varṇa-sramadharmā* which was considered to be the bedrock of the class-based and state-based society. Obviously these measures alone could not cope with the critical situation. Since it became difficult to collect taxes it was not possible to run the state and to pay the priests, administrators, the army and numerous officials. Apparently, as an alternative, the practice of land grants, which was not unknown in early times, was adopted on a wide scale in a major part of the country, particularly from the 4th-5th century A.D. onwards. It will therefore appear that we have an indication of a crisis in production relations, which may not

be unconnected with changes in the mode of production. The fact cannot be discounted that trade⁸⁷ and urbanism⁸⁸ suffered a distinct decline, and the absence of gold coins for three centuries between the 7th and the 10th and paucity of other types of coins⁸⁹ are well known. There is practically no indication of the use of slaves in production. All these are presages of change in the methods and relations of production. Hence the production system as a whole was afflicted with certain maladies, which compelled the state to convert land/land revenues into a general mode of payment for religious and administrative services. The grant system relieved the state of the heavy responsibility of getting the taxes collected all over the countryside by its agents and then of disbursing them in cash or kind. On the other hand, priests, warriors and administrators were asked to fend for themselves in the villages assigned to them for their enjoyment. The system also relieved the state of the responsibility of maintaining law and order in the donated villages which now became almost the sole concern of the beneficiaries. Therefore it would be wrong to assume that political, administrative and juridical measures, which created new property relations in land, were undertaken by the state entirely on its own.

The social crisis apparently led to the withdrawal of slaves from production, and to the provision of land for them as tenants and sharecroppers. This explains to a good extent the elevation of Sudras to peasantry and their participation in rituals. It seems that landowners converted Sudra labourers into peasants and themselves became landlords living on rent. The substantial *gahapatis* of the age of the Buddha probably turned landlords. That the village headman tended to become landlord has already been shown,⁹⁰ although the causes for this transformation need investigation.

Conflicts within the New Formation

The new socio-economic formation that emerged as a result of the appearance of a class of landlords and that of a subject peasantry had its own limitations. The peasants were accustomed to give certain taxes and services to the state, and if the demand of the beneficiary was confined to those claims, in normal times the routine payment could continue. But the beneficiary would impose proper and improper taxes, fixed and unfixed taxes, would collect all kinds of taxes and, what is worse, they could make additional impositions which were covered by the term *adi*, ie, et cetera. In certain areas they could also introduce new forms of forced labour. On top of this all communal and agrarian resources hitherto enjoyed by the peasants were transferred to the landed beneficiaries who were ever present on the spot. This situation caused constant conflict between those who claimed rent on the strength of their royal charters and others who claimed immunity on the basis of customary and immemorial rights which would be certainly known to local people but because of their illiteracy could not

be shown in black and white. Hence there was bound to be constant friction, tensions and struggle between the landed beneficiaries and the servile peasantry. This might lead to litigations between the beneficiaries, and also between the beneficiary and the peasants.⁹¹ Because of the common practice of land grants and the enormous advantages derived from them the Brahmanas forged many charters (*kuta-sasana*) and claimed enjoyment of villages on that basis. But there were so many valid charters that the conflict between the landlord and the peasant was an ever present possibility. In order to settle this conflict Narada, Brhaspati, *Agni Purana* and other authorities give the final authority to the royal charter in case of dispute. They lay down that if there is a conflict between the religious right (*dharmā*), contract (*vyavahara*) right, customary (*carita*) right and the right derived from the royal charter (*rajasasana*) the royal charter will override all the other sources of the law or authority.⁹²

But it seems that this overriding power of the royal charter did not work in all cases. We have the case of the Kaivartas, a fishing and cultivating community in Bangladesh, who rose against Ramapala in the 11th century A.D. They fought with bamboo sticks riding on buffaloes. So powerful was their revolt that two dozen vassals had to be mobilised by Ramapala in order to put down the Kaivarta rebellion. This is an important example of peasant revolt.⁹³ The possibility of clash is also indicated in some Bengal grants which mention the term *karsanavirodhi sthana*.⁹⁴ At least two grants take pains to show that they do not clash with the existing cultivating rights of the peasants. Therefore the possibility of clash between the peasants and the incoming beneficiaries is clearly visualised. Similarly in many grants from Madhya Pradesh and Maharashtra the people are warned that if they tried to upset the grant in any manner then they would be punished with force.⁹⁵ This point is stated repeatedly⁹⁶ in many inscriptions. In some cases this threat is directed towards royal officials, but mostly it is a general threat meant for all. Again in the texts of this period, *brahmahatya*, that is, killing of Brahmana, is considered to be a great sin and it occurs in many Puranas. Why does the murder of Brahmana become so important in early medieval times? Apparently it is because of his becoming a landed beneficiary and therefore an oppressor. If we look at the distribution of hero stones in Karnataka and other parts of South India it would appear that some of them are found in the *agrahara* areas.⁹⁷ This would again suggest that open frictions appeared between the beneficiary of the *agrahara* and the peasants living there. In the case of Karnataka, R N Nandi has collected certain evidence which suggests some kind of collaboration between the Brahmanas and the peasants in the beginning, but eventually shows open conflict between the two.⁹⁸ D N Jha refers to several instances of conflict between the peasants and the beneficiary landlords in Cola inscriptions, particularly after 1000 A.D.⁹⁹

Although we can see and visualise polarity between the central

state and smaller states, polarity between various types of beneficiaries, and polarity between landed magnates and the cultivator, the human factor operating in these polarities does not come out clearly in our sources. It is thought that the peasant's independent control over his process of production prevented acute social tensions.¹⁰⁰ But as shown earlier, this control was more dependent than independent. The multiplication of the existing units of production in new areas could obviate occasions for open conflicts leading to changes. But to a good degree the seeming stability was prompted by other factors which were closely linked with the system of production, especially with production relations. First, the caste system with the features of hierarchy and superiority, not to speak of untouchability, provided ritualistic sanction for the production and distribution system. It seems that the *jajmani* system developed in this period and was part of a more or less self-sufficient economy. At the end of harvesting, on the threshing floor, portions of paddy were given to gods, Brahmanas, rulers and the various kinds of labourers, indicated by the term *bhrtyavargaposanam*.¹⁰¹ The Brahmanas, who controlled many 'estates', played a crucial ideological role in penetrating the consciousness of the peasantry and making them behave as they liked them to do. Some medieval religious reform movements apparently sought to improve the status of those who really produced and suffered, but those movements were manipulated to contain the conflicts and scotch the tension; they could not rouse the peasantry to realities. In certain parts of the country, survivals of the bonds of kinship also helped to keep people together. This may have particularly happened in Rajasthan and Himalayan areas. Classes with conflicting interests were kept together through the performance of *puja*, *japa*, *vratas*, *tirthas*, *samskaras*, *prayascittas* and through prospects of heaven and hell. The all-pervasive influence of astrology (*vyatisha*) and that of the doctrine of Vedanta kept the people reconciled to their lot. All these factors brought the people of opposite interests together.

Agricultural Expansion

It is held that lack of 'concentrated social effort' blocked changes in the means, methods and relations of production.¹⁰² We may not have much idea about the social effort, but we can certainly identify significant changes in the mode of production in early medieval times. This period was undoubtedly an age of larger yield and a great agrarian expansion. It is possible to count hundreds of states, particularly in those areas which had never witnessed the rise of full-fledged states. A state presupposes an assured source of income which will enable it to maintain a good number of managerial staff. This could not be possible unless the agrarian base was strong enough to pay for the priests, officers, army men, etc.

A few technological innovations contributed to rural expansion. Apart from the use of the *araghatta*, the Persian wheel, the early Middle

Ages saw several changes in agriculture. The importance attached to agriculture in this period is indicated by the fact that several texts were composed on it such as *Krsiparasara* in the north and Kamban's book in the south. Kasyapa's *Krsisukti* has been found in the south,¹⁰³ but it may have belonged to some paddy producing area either in the north or south. It prescribes three methods of lifting water (i.e., using the *ghati-yantra*) by men, oxen and elephants.¹⁰⁴ That certain persons were engaged in working the 'Persian' water-wheel can be inferred from the use of the term *arahattiyanara* in a lexicon of the twelfth century.¹⁰⁵ The *Vrkṣa Ayurveda* of about the tenth century recommends recipes for treating the diseases affecting the plants.¹⁰⁶ Apart from special attention being given to horses,¹⁰⁷ because they were used by chiefs and princes, animal husbandry was improved because of the care given to the treatment of cattle diseases.¹⁰⁸ In addition, detailed instructions regarding agriculture appear in the *Brhatsamhita* of Varahamihira, the *Agni Purana* and the *Viṣṇudharmottara Purana*.¹⁰⁹ Three crops, first mentioned by Panini, were known widely,¹¹⁰ and better seeds were produced.¹¹¹ Meteorological knowledge, based on observation, was far advanced in the *Krsiparasara*. The knowledge of fertilisers improved immensely and the use of the compost was known;¹¹² and, what is more important, irrigation facilities were expanded. The law-books lay down severe punishments for those who cause damage to tanks, wells, ponds, embankments, etc.¹¹³ The construction of *vapi* became very popular in Rajasthan and Gujarat. Its importance is also underlined in the work of Kasyapa.¹¹⁴ In his doctoral thesis V K Jain has prepared a map in which he has shown the distribution of the *vapis* (step wells) in western India in the 11th-13th centuries.¹¹⁵ It is interesting to note that the term *vapi* is derived from the Sanskrit root *vap* which means to sow. So it is clear that step wells were meant for irrigating the fields. Of course the use of iron implements attained a new peak in this period. In the *Paryayamuktavali*, a medieval lexicon whose manuscripts have been found in West Bengal and Orissa, as many as half a dozen types or grades of iron are mentioned.¹¹⁶ The use of iron became so common that it began to be employed for non-utilitarian purposes. Several pillars, including the Mehrauli pillar in Delhi, were erected to mark the conquests of victorious princes. The increase in the number of the varieties of cereals including rice, wheat and lentils as well as in fruits, vegetables, legumes, etc., is striking. These can be inferred not only from the *Amarakosa* but more so from the *Paryayamuktavali*.¹¹⁷ According to the *Sunya Purana* more than 50 kinds of paddy were cultivated in Bengal.¹¹⁸ Apart from the foundation of numerous states the various medieval texts suggest an enormous increase in agricultural production. Therefore agricultural technology in terms of a single major break may not be striking,¹¹⁹ but the overall effect of various measures and improvement seems to have been substantial. However mere increase in production may lead neither to stability nor to structural changes. For this certain other conditions

including the rousing of the necessary consciousness may be needed.

Concluding Observations

Feudalism in India therefore was characterised by a class of landlords and by a class of subject peasantry, the two living in a predominantly agrarian economy marked by a decline of trade and urbanism and by a drastic reduction in metal currency. The superior state got its taxes collected and authority recognised by creating a number of inferior power blocs or even states (that is, landed priests, *mathas*, *vihāras*, *basadis*, temples, *agraharas*, *brahmadevas*, etc.) who generated the necessary social and ideological climate for this purpose. Unlike the European system most of the power structures within the state did not have to pay taxes. West European feudal lords granted land to their serfs in order to get their own occupied land cultivated. But Indian kings made land grants to get the taxes (surplus) collected. In their turn, the grantees collected rents from their tenant-peasants who could be evicted and even subjected to forced labour.

Our comments are couched sometimes in terms of probabilities and reservations, because the nature of sources does not admit of clear and categorical statements. Nevertheless they raise some theoretical issues. The position of class is to be located in the overall system of production. But if a class covers those who either exclusively control the means of production or those who are completely deprived of such control, such a thing can happen only in a full-fledged capitalist system. The application of such a concept to pre-capitalist societies is riddled with difficulties; for even in the feudal society of Western Europe the serf enjoyed day-to-day control over his bit of the means of production.¹²⁰ In such a society class is best seen in the context of the unequal distribution of the surplus, which was eventually given a lasting basis by the unequal distribution of the means of production and strengthened by ideological and juridical factors. Secondly, ecological factors influence the development of material culture. But we find several countries with similar climatic conditions but dissimilar social structures. Therefore to attribute such structural phenomena as the absence of serfdom or the longevity of peasant autonomy to the carrying capacity of the soil would be going too far.

(This paper was written for publication in the forthcoming number of the *Journal of Peasant Studies*. We thank the editors of that journal as well as the author for allowing us to publish it here as well.)

- 1 D C Sircar, *Landlordism and Tenancy in Ancient and Medieval India as Revealed by Epigraphical Records*, Lucknow, 1969. Also see *Journal of Indian History*, XLIV, 1966, pp 351-357; LI, 1973, pp 56-59; *Journal of Ancient Indian History*, VI, 1972-73, pp 337-339; D C Sircar (ed), *Land System and Feudalism in Ancient India*, Calcutta, 1966, pp 11-23. Irfan Habib discusses "Indian Feudalism" in *The Peasant in Indian History*, Presidential Address, the Indian History Congress, 43rd Session, Kurukshetra, 1982.

- 2 "Was There Feudalism in Indian History?", *The Journal of Peasant Studies*, Vol 8, no. 3, April 1981, pp 273-310. In this paper the whole medieval period is discussed but I will confine myself primarily to early medieval times (5th to 12th-century), about which I have some idea. My task has been made easy because Dr Mukhia's criticisms have been effectively met by B N S Yadava in *The Problem of the Emergence of Feudal Relations in Early India*, Presidential Address for Ancient Indian Section of the Indian History Congress, 41st Session, Bombay, 1980. In a similar address delivered at the 40th Session of the Indian History Congress held at Waltair in 1979 D N Jha anticipated and answered many of these objections in *Early Indian Feudalism: A Historiographical Critique*. Also see Suvira Jaiswal, "Studies in Early Indian Social History", *Indian Historical Review*, VI, 1979-80, pp 18-21.
- 3 Marx-Engels, *Pre-Capitalist Socio-Economic Formations*, Moscow, 1979, p 23.
- 4 Muthia, *op cit*, p 310, fn 225. In the discussion on variants Indian feudalism is seen as a distinct possibility.
- 5 Kosminsky's views based on Marx, and expressed in his *Studies in the Agrarian History of England in the Thirteenth Century*, Oxford, 1956, are summarised and discussed in Barry Hindess and Paul Q Hirst, *Pre-Capitalist Modes of Production*, London, 1975, pp 222-223, 234-235.
- 6 Marx considers tenants to be an object of feudal exploitation. According to him the feudal lord differs from the bourgeois in that he "does not try to extract the utmost advantage from his land. Rather he consumes what is there and calmly leaves the worry of producing to the serfs and tenants", Marx-Engels, *op cit*, p 20. In the 1880s Engels also concluded that serfdom is not solely a "peculiarly medieval-feudal form", *ibid*, p 23. This implies that the feudal formation could have other features.
- 7 Mukhia, *op cit*, pp 275, 290, 291, 293.
- 8 I owe this to Ranjit Guha.
- 9 The king is called *bhuvamin* by Katyayana, a law giver of about the sixth century (P V Kane, ed, verse 16).
- 10 R S Sharma, "From Gopati to Bhupati" (a review of the changing position of the king), *Studies in History*, II (2), 1980, pp 6-8.
- 11 *yasya yasya yada bhumih, tasya tasya tada phalam*, D C Sircar (ed), *Select Inscriptions Bearing on Indian History and Civilization*, Vol I, University of Calcutta, 1965 (abbrev. as *Sel. Inscr.*) Bk III, p 49, line 26.
- 12 The terms used are *sarvoparikarakaradanasametah*, *sarvakarasametah*, *sarvakaravisarjitah*, etc. See Balachandra Jain, *Utkirna-Lekha*, Raipur, 1961, pp 56-57. The terms *samastapratyaya* and *sarvayasameta* also occur (Sharma, *Indian Feudalism*, 2nd edn, p 100). Also see *sarvadanasaṁgrahya*, *Epigraphia Indica (EI)*, V, no. 5, line 41.
- 13 Sharma, *Indian Feudalism*, 2nd edn, p 98.
- 14 The phrase used is *niyataniyatasamastadaya*, all specified and unspecified dues. *EI*, no. 21, line 26.
- 15 *Epigraphia Indica*, XXIX, no. 7, line 42; Jain, *op cit*, p 52.
- 16 Mukhia rightly postulates that the village potentates would be the first to notice the rise in productivity and the first to demand a greater share in the peasant's produce. *Op cit*, p 309, fn. 214.
- 17 The phrase *ajnasravanavidheyibhuya* is common in north Indian grants.
- 18 The point has been discussed in R S Sharma, *Indian Feudalism*, 2nd edn, Delhi, 1980, pp 38-39.
- 19 The distinction is brought out clearly in P N Sen, *The General Principles of Hindu Jurisprudence*, Tagore Law Lectures, 1909, University of Calcutta, 1918, p 42.
- 20 *Sel. Inscr.*, Bk III, nos. 16, 18, 19, 41, 42, 43, etc.
- 21 Sharma, *Indian Feudalism*, 2nd edn., pp 73-75, 185-187.
- 22 Marx-Engels, *Pre-Capitalist Socio-Economic Formations*, p 22.

- 23 ...*sadandakarasahah karmasilakarsako* balisasvamyavaravarnaprayo janapadasampat, *Artha-sastra* (of Kautilya), R P Kangle's edn., VI. 1.
- 24 *As*, I. 13. The term *praktikopa* or revolt of the subjects is used in V. 6 and VII. 6.
- 25 B N S Yadava, *The Problem of the Emergence of Feudal Relations in Early India*, p 7, contains several references to the acquisition of *jana*.
- 26 R S Sharma, *Sudras in Ancient India*, 2nd edn, Delhi, 1980, Ch III.
- 27 The term used is *kassako gahapati*, cultivating family head. *Angustara Nikaya* (Pali Text Society, London), i, 239-240. But *gahapati*, in the sense of substantial peasant, is used in Pali texts at many places.
- 28 s r *griha*, Monier-Williams, *A Sanskrit-English Dictionary*, Oxford, 1951.
- 29 R L Turner, *A Comparative Dictionary of the Indo-Aryan Languages*, Oxford, 1973, no 3736.
- 30 *Ibid*.
- 31 R Mukerji and S K Maity, *Corpus of Bengal Inscriptions bearing on History and Civilization of Bengal*, Calcutta, 1967, no. 18, line 45; no. 22, line 46; no. 28, line 52; no. 30, line 48; no. 36, line 36; no. 37, line 32.
- 32 Turner, *op cit*, no 3736.
- 33 Mukerji and Maity, *op cit*, no 47, line 50.
- 34 *Ibid*, no 7, line 3; no. 9, line 3 (p 59).
- 35 Sharma, *Indian Feudalism*, 2nd edn, pp 188-189.
- 36 *Ibid*, p 38.
- 37 *Ibid*, p 188.
- 38 *Ibid*, p 98, fn 3, 99.
- 39 It is taken in the sense of a ploughman. See B N S Yadava, *The Problem of the Emergence of Feudal Relations in Early India*, p 25.
- 40 s v *Krsivala*, Monier-Williams, *op cit*.
- 41 B N S Yadava "The Problem of the Emergence of Feudal Relations in Early India", p 32,
- 42 Sharma, *Indian Feudalism*, 2nd edn, pp 12-13, 216.
- 43 These terms are *avanisa*, *avanindra*, *ksitipati*, *ksitendra*, *ksitisa*, *ksiteradhipa*, *parthiva*, *prthivipati*, *parthivendra*, *prthivinatha*, *bhupa*, *bhupati*, *bhubhuj*, *bhumipa*, *bhumisvara*, *mahipa*, *mahipati*, *mahipala*, *mahindra*, *mahamahendra*, *urvipati*, *vasudhadhipa*, *vasudhesvara*, *samanta-bhumisvara*, etc. R S Sharma, 'From Gopati to Bhupati', *Studies in History*, II (2), 1980, p 8 with fns 81-82.
- 44 R S Sharma, *Indian Feudalism*, Calcutta, 1965, Ch IV.
- 45 P N Sen, *The General Principles of Hindu Jurisprudence*, Tagore Law Lectures, 1909; University of Calcutta, 1918, pp 42-43, 46. The theory of popular recognition, which gives preference to unwritten laws, is known as *laukika svatvavada*, (*ibid*, p-42). Several logicians such as Guru, Kumarila Svami and Parthasarathi Misra, who, interpreted the Dharmasastras according to the canons of *mimamsa* also supported the popular recognition theory. Jimutavahana, Dharmesvara etc., supported the *sastric* view (*ibid*, p 42). The difference does reflect conflicting claims to land control in early medieval times.
- 46 *Gautama Dharmasutra* (Varanasi, 1966), 11-3-36. The passage, reads *pasu bhumistri-namanatibhogah*.
- 47 *alpenapi bhogena bhoktuh svam bhavati*. Commentary on *Gautama*, II.3.36. By this interpretation cattle and women slaves are also covered. It is interesting that a ten-year limit of enjoyment is set for acquiring ownership over the property of others in several cases by the commentator. Comm. on *Gautama* 11.3.34-35.
- 48 Commentary on *Gautama* 11.3.34-35.
- 49 *Svatva* should be taken in the sense of property rights, as has been done by P N Sen, *op cit*, p 42.
- 50 J D M Derrett in *Bulletin of the School of Oriental and African Studies*, XVIII, 489.
- 51 V V Mirashi, *Inscriptions of the Vakatakas, Corpus-Inscriptionum Indicarum*,

- Vol V, Ootacamund, 1955, no. 6, lines 19-20.
- 52 *Ibid*, no. 12, lines 20-21.
- 53 *Ibid*, no. 13, lines 22-23.
- 54 *Ibid*, no. 14, lines 22-32.
- 55 Sharma, *Indian Feudalism*, 2nd edn, p 3; the common term used is *śaḍanda-dasapāradhah*.
- 56 *Ibid*, The term *abhyantarāsiddhi* is used.
- 57 *Ibid*, p 2.
- 58 *Sel Inscr*, Bk III, no. 62, lines 21-22.
- 59 Mukerji, and Maity, *Corpus of Bengal Inscriptions*, no. 47, line 62.
- 60 *Ibid*, line 63.
- 61 *Ibid*, no. 46, line 22.
- 62 *Epigraphia Indica*, V, no. 20, line 54. The village, situated near Nagpur, was granted by Kṛṣṇa III in 940-941.
- 63 *Sel. Inscr*. Bk III, no. 49, lines 18-28; no. 50, lines 15-24.
- 64 ...*śaḍandanigrahaṃ kārīsyamah*. This phrase is found, with slight variations in many charters, *Ibid*, no. 61, 11.22-24; no. 62, 11.32-34; no. 64, 11.21-24; no. 65, 11.39-41; no. 67, 11.24-25.
- 65 *Ibid*, no. 67, 11.24-25.
- 66 In the context of slave society it is held that if 20 per cent of people are engaged in production as slaves in a society, it should be considered a slave society. Five such societies have been identified. Keith Hopkins, *Conquerors and Slaves*, Cambridge, 1978, pp 99-100. But the qualitative place of slaves or other categories of servile people in the total mode of production deserves equal consideration.
- 67 D C Sircar, *Indian Epigraphy*, Delhi, 1965, p. 97, fn 2.
- 68 Balachandra Jain, *Utkirna-Lekh*, Raipur, 1961, no. 3, 11.6-11, (p 8).
- 69 *Sel Inscr*, Bk III, no. 65, 11.38-39.
- 70 *Ibid*, no. 61, 1.15.
- 71 Mukhia, *op cit*, p 286.
- 72 R S Sharma, *Indian Feudalism*, Delhi, 1980, pp 19, 31, 40-43, 56, 60, 67-68, 99-101, 109, 195-198; B N S Yadava, *Society and Culture*, pp 164-169; "Immobility and Subjection of Indian Peasantry in Early Medieval Complex", *The Indian Historical Review*, I, 1974, 18-27. A good deal of evidence can be obtained from G K Rai, *Involuntary Labour in Ancient India*, Allahabad, 1981, but the passage from Vatsyāyana's *Kāmasūtra* (V. 5.5) is inaccurately construed and translated.
- 73 Sharma, *Indian Feudalism*, 2nd edn, pp 118-119.
- 74 *Ibid*, p 49.
- 75 Mukhia, *op cit*, pp 286, 289, 303, fn 124.
- 76 This was the case in my own village Barauni (District Begusarai, Bihar) till 1950 when the Permanent Settlement was abolished.
- 77 Y B Singh, "Halikā-kara: Crystallization of a Practice into a Tax", paper (unpublished) presented to the 43rd Session of the Indian History Congress, Kurukshetra, 1982.
- 78 Sharma, *Indian Feudalism*, 2nd edn, pp 99-100.
- 79 The term *utpatsyamana* would suit this interpretation better, although even *utpadyamāna* means the same thing. I owe this suggestion to Professor R C Pandeya. Palaeographically there is very little difference between the two terms.
- 80 *Sel Inscr*, Bk III, no 61, line 19; no 62, line 28.
- 81 *Society and Culture in Northern India*, pp 164-166.
- 82 Sharma, *Indian Feudalism*, 2nd edn, p 199 with fn 6.
- 83 The passage *pankisah panktiso bhṛtyaih vinyaset samabhumike* (verse no 431) occurs in the context of paddy transplantation in the *Kāsyāpiyākṛsisukti*, (ed) Gy Wojtilla, *Acta Orientalia Hung*, XXXIII (2), 1979, 209-252. The frequent use

- of the term *krsiyala* for the peasant shows that the text belongs to some paddy producing area either in south India or in some other part of the country, and contains much medieval material. Verse no 450 speaks of the employment of the classes of agricultural labourers in weeding operations. *trnakosthan nirasayatha panktisah panktisah kramat, bhrtiyavargaih; praty aham va vairicchedah prasasyate*. If we look at the survival of the transplantation practice, it would appear that this use of labour was made by the upper caste people in medieval times.
- 84 Mukhia, *op cit*, pp 274, 286.
- 85 This Kali passage in the Cr edn of the *Mahabharata* (III. 188. 71) amended by me on the basis of the Gita Press edn reads: *nirvisesa janapada karavistibhirarditali*. Apparently taxes (*kara*) affected the Vaisyas and forced labour (*visti*) the Sudras.
- 86 I discussed the Kali problem in some detail three years ago in a paper "The Kali Age: A Period of Social Crisis" meant for the A L Basham Volume, which has not been published so far. But see my *Sudras in Ancient India*, 2nd edn, Delhi, 1980, pp 233-239.
- 87 In addition to the material presented about the decline of trade in my *Indian Feudalism*, 2nd edn, Chs I and III, further evidence appears in B N S Yadava, *Society and Culture in Northern India in the Twelfth Century*, pp 270-275. Speaking of early medieval Bengal Dr M R Tarafdar says: "The period between the eleventh and thirteenth centuries shows distinct signs of the decay of trade and urban centres, a process which must have started earlier". ("Trade and Society in Early Medieval Bengal", *Indian Historical Review*, IV, January 1978, 282). However in western India trade shows revival in this period (V K Jain, "Trade and Traders in Western India", Ph D thesis, Delhi University, 1983); so also seems to be the case with south India (Kenneth R Hall, *Trade and State Craft in the Age of the Colas*, New Delhi, 1980). We postulate decline of trade mainly in the 7th-10th centuries.
- 88 Although the decline of urbanism has been sometimes doubted (B D Chattopadhyaya, "Trade and Urban Centres in Early Medieval North India", *Indian Historical Review*, I, 1974, 203-219) progress in historical archaeology in the Gangetic zone and elsewhere since 1971, coupled with further research in literary texts, confirms what I stated earlier ("Decay of Gangetic Towns in Gupta and Post-Gupta Times", *Journal of Indian History*, Golden Jubilee Volume, 1973, pp 135-150). Almost all Satavahana towns decay and disappear after the 3rd century A D. Professor A H Dani informs me of a similar fate of the Kusana towns in Pakistan, and the Soviet archaeologist Professor V Masson tells me that five central Asian urban centres of about 1-4th century A D became either villages or castles afterwards. In two Patna University doctoral theses (Om Prakash Prasad, "Towns in Early Medieval Karnataka", 1978, and B P N Pathak, "Society and Culture in Early Bihar", 1983) the phenomenon of decay comes out very clearly. Dr R N Nandi convincingly shows that many of these decaying towns were converted into *tirthas* or places of pilgrimage in early medieval times ("Client, Ritual and Conflict in Early Brahmanical Order", *Indian Historical Review*, VI, 1979, pp 80, 100, 103-109). Additional evidence has been collected on the decay of towns (*Ibid.*, 74-80).
- 89 R S Sharma, "Indian Feudalism Retouched" (review paper), *Indian Historical Review*, I, 1974, pp. 320-330. For additional evidence regarding paucity of coinage, see M R Tarafdar, *op cit*.
- 90 Sharma, *Indian Feudalism*, 2nd edn, pp 41-42.
- 91 In 1214 a temple in Karnataka claimed the land of its neighbours, but the local authorities decided against the temple. S Settar and G D Sontheimer (ed), *Memorial Stones*, Dharwar, 1982, p 303.
- 92 R S Sharma, "Rajasasana: Meaning, Scope and Application", *Proceedings of the Indian History Congress*, 37th Session, Calicut, 1976.
- 93 R S Sharma, *Indian Feudalism*, 2nd edn, Delhi, 1980, p 220.
- 94 Mukerji and Maity, *Corpus of Bengal Inscriptions*, no 6, line 18; no 7, line 19.

- 95 *Sel Inscr*, Bk II, no 61, lines 22-24.
- 96 *Ibid*, no 62, lines 32-34; no 634, lines 21-24; no 67, lines 24-25.
- 97 S Settar and Gunther D Sontheimer (ed), *op cit*, p 223.
- 98 His manuscript entitled "Class, State and Family in Early South India" is yet to be published.
- 99 D N Jha, "Section I: Ancient India Presidential Address", Indian History Congress, XL Session, Andhra University, Waltair, 1979, p 18.
- 100 Mukhia, *op cit*, p 293.
- 101 Gy Wojtilla (ed), *Kasyapiyakrsisukti*, *op cit*, verses 491-492.
- 102 Mukhia, *op cit*, p 292. However this statement is qualified by the phrase "change completely" (*ibid*).
- 103 Gy Wojtilla, *Kasyapiyakrsisukti, Acta Orientalia Academiae Scientiarum Hung*, XXXIII, Fax. 2, 1979, pp 209-252. The usual term for cultivator in this text is *krsivala*, which occurs in early medieval texts and inscriptions. Most material in this text probably belongs to medieval times.
- 104 Gy. Wojtilla, *op cit*, verses 167-168. The *ghati-yatra* operated by oxen is considered to be the best, that by men to be worst and that by elephants to be of the middling quality.
- 105 B N S Yadava, *Society and Culture in Northern India in the Twelfth Century*, p 259.
- 106 D N Bose and others (ed), *A Concise History of Science in India*, New Delhi, 1971, p 362.
- 107 *Ibid*, p 255.
- 108 *Ibid*, pp 363-364.
- 109 *Ibid*, pp 358, 361, 365.
- 110 *Ibid*, pp 356, 361.
- 111 *Ibid*, pp 358-359.
- 112 *Ibid*, pp 358-360.
- 113 These texts belong to the early centuries of the Christian era. See, R S Sharma, *Light on Early Indian Society and Economy*, Bombay, 1966, pp 90-111.
- 114 Gy Wojtilla, *op cit*, pp 219-220.
- 115 "Trade and Traders in Western India", Ph D thesis, University of Delhi, 1984.
- 116 The text was edited by T Chowdhury in *Journal of Bihar Research Society*, XXXI (1945) and XXXII, (1946). The earliest ms. used by him belongs to 1851-52. Composed by Haricaranasaha the text is based on the *Paryayaratnamala* of Madhavakara (*JBRS*, XXXII, 1945, Introduction, p i). Since it is strikingly indebted to Amara in chs 22 and 23 (*ibid*) and since potato and tobacco are not mentioned in it, it seems to be pre-Mughal. The synonyms for iron and other metals are found in ch. (*varga*) 6 (*JBRS*, XXXI, 1945).
- 117 Ch. 18 (*JBRS*, XXXI, 1945, 31-33) speaks of 24 types of *simbisukadhanyagana* (p 33), but the varieties, when counted, come to nearly 110 types of cereals including wheat, barley, lentils, etc. Ch 19 (*ibid*, 33-34) speaks of 10 types of *salidhanya* (transplanted paddy) and 19 types of *trnasalidhanya* (untransplanted? paddy), but on counting various types of paddy and allied cereals come to nearly 64.
- 118 T C Dasgupta, *Aspects of Bengali Society*, Calcutta, 1935, pp 249-250 quoted in B N S Yadava, *op cit*, pp 258, 305 fn. Yadava has cited several other pieces of evidence, *op cit*, pp 251-259.
- 119 Mukhia, *op cit*, p 292.
- 120 Yadava, *The Problem of the Emergence of Feudal Relations in Early India*, p 46, fn 1. draws attention to the position of the serf as stated by E J Hobsbawm on the basis of Karl Marx: "The serf, though under the control of the lord, is in fact an economically independent producer", Karl Marx *Pre-capitalist Economic Formations*, London, 1964, p 42.

AMALENDU GUHA*

*Nationalism: Pan-Indian and Regional
in a Historical Perspective*

I: A THEORETICAL FRAMEWORK

TO A HISTORIAN, nationalism is not just a concept, but an ideology which leads towards eventuation and which highlights the transition from times medieval to modern.¹ To a historian of nationalism in India, the task is to narrate how various elements—both events and ideas—are structured into the national process. Yet he also needs a conceptual frame, a theory, to apprehend this structuring and narrate it appropriately for the purpose. Though this transition in India was neither solely autonomous nor complete—it is incomplete even now—there was indeed a degree of ‘progress’ within the given colonial constraints. The process started feebly very late in the 18th century at the colonial port cities of Calcutta, Bombay and Madras and, after the 1850’s, it gradually spread out to the rest of the country. Modern Indian history may therefore be thematically defined as one related to this period of the country’s colonisation in an age of industrial capitalism and of the development of the forces for building the Indian nation in response to it.

Colonial modernisation had its limits. The economy still continued to retain a largely feudal countryside and other vestiges of the pre-colonial past, including even pockets of tribal structures, and the culture, a largely feudal milieu, still dominated by the *varna-jati* tradition. Yet, despite a weak industrial base, two new classes—the bourgeois and the proletariat—emerged precisely during this period in towns and the countryside, however limited and uneven their quantitative and qualitative impact might have been. Since the mid-19th century, India had been drawn into the world capitalist market in a big way. The foreign capitalist class in power saw to it that the market of sub-continental expanse that had emerged here under the Mughals was further consolidated, expanded and qualitatively transformed. It was subordinated to British monopoly capital, through a network of modern transport, communications and centralised administration. Nationalism in India was both a challenge and a response to this semi-feudal, semi-capitalist colonial

*Professor, Centre for Studies in Social Science, Calcutta.

situation, and the anti-feudal, anti-caste and anti-imperialist struggles were various facets of the overall national movement.

Historians of modern India have not yet done enough justice to Indian nationalism as a theme. Not that a voluminous literature is not there on the subject, particularly on the development of the national movement and, to a lesser extent, also on its regional variations. But a total comprehension of the movement for nation formation and all the conflicting contents of nationalism within a single explanatory framework has yet to be achieved. Serious scholarly efforts in this direction that have continued in recent years are therefore most welcome.²

The relevant existing literature suffers from a confusing use of categories. More often than not 'nationalism', 'patriotism' and 'anti-colonialism' are used interchangeably and indiscriminately, thus hindering the very understanding of the essentials of the national process in terms of the transitional class formations, their interests and the teleology of the relevant mobilisations. This often results in treating as national any anti-foreign movement or social protest, even one of purely local or sectional nature taking place within the narrow grooves of the collective self-awareness of a tribe, caste or religious sect. What is not taken into consideration is whether it transcended ethnic boundaries to attain a territorial solidarity and whether it offered an ideological and political alternative which could be deemed progressive in the context of the rising capitalist relations.

Similarly, much confusion arises from different meanings imputed to the term 'nationality'. According to the *Concise Oxford Dictionary*, it means "existence as a nation race forming part of one or more political nations". In scientific discussion, too, this ambiguity is retained. To different scholars and sometimes to the same scholar, it has meant different things—a people, a politically crystallised community of culture at its pre-capitalist stage,³ a less developed form of a nation at the stage of mercantile capitalism, a small nation not viable enough for separate sovereign statehood and so on. Even when the terms, 'nationality' and 'nation', are carefully defined to bring out the distinction, semantic confusion still persists. For the derivative terms, 'national' and 'nationalism', can be related to either of them. For instance, when one refers to India as a multinational state, the components may be understood as nations, or as nationalities as it happens in the case of China; or some of them as nations and the rest as nationalities as in the case of the Soviet Union. In terms of our own Constitution, India is however viewed as a composite nation consisting of linguistic states and Union territories.

Similar confusion arises over the identification of the appropriate territorial/demographic base of the collective self-awareness that is called nationalism. Does the whole country, the entire Indian people, provide this base? Or is it a relatively more homogeneous part of it having a separate collective self-awareness of its own that provides the

base? Nationalism could have emerged on either basis. Either nationalism could coexist with the other side by side or get mixed up, as one finds in many countries including India. For instance, even in a small and economically advanced unilingual country like Great Britain—a most unlikely case—we find a re-emergence today of Welsh and Scottish nationalisms.

A historian bears part of the general failure of social scientists in the matter of rigorously defining nationality and nation. Yet following a general consensus, it may be said that a conjuncture of certain objective conditions (such as a community of territory, language, economic life, mental make-up etc. manifested in a common culture) is a necessary condition for the making of a nationality. It may also be said that nationality is a stage prior to that of the nation-state in the true sense of the term. Thus, the nationality has both structural primacy and historical precedence over the nation.

A nationality is formed when a people sharing some common characteristics, as mentioned above, becomes collectively self-aware of this fact and allows itself to be mobilised on this basis for further emotional integration, unity and political advantages ranging up to the formation of a national state. The combination of identity marks for this formation may not be the same in every case. For instance, religion and script are known to have played *inter alia* a crucial role in some cases (e.g. Punjab) and none at all in some other cases towards shaping a sense of community of culture. A nationality becomes a nation at a mature stage of its politico-economic development. Alongside of this development, related to rising capitalist relations, nationalism arises as an ideology, clothed in emotional content, in the course of the relevant mass mobilisation led by a class or classes. Sometimes, variant national ideologies may coexist or be in conflict—the case of Druzes, Masonite Christians and more recent Arab refugees in Lebanon all of whom speak the same language is a case in point. Again, nationalism may mean different things to different classes. For instance, the bourgeois nationalism of Saigon had little to do with the peasant nationalism that enveloped Hanoi in the origins of modern Vietnam. Such variations of nationalist ideology are a happy hunting ground for modern imperialism, especially of the contemporary neo-colonial variety.

It is through this kind of historical activity on the socio-economic plane that some nationalities grow or anticipate their growing into nations at a higher stage of politico-economic consolidation, while others still at a lower stage do not. These latter remain nationalities with a varying degree of immaturity. Not only the stage of technoeconomic development, but also the nature of its ideological legacy, political relations with neighbouring nationalities, the population size and the universal tendency towards a degree of assimilation—all these together decide how a nationality necessarily develops. Once nationalities and nations are formed, they are carried over in tact also to the

socialist epoch and are exposed as such to further socialisation of labour, intermingling and assimilation.

Dual National Consciousness

When India began to unfold its national process by the mid-19th century or a little earlier, two new kinds of consciousness emerged simultaneously side by side, which began to transcend localised caste and tribal solidarities. There was a growing consciousness among intellectuals that the Indian people had enough cultural homogeneity and geographical unity to be regarded as a single nation the same way as the British people were. This consciousness was gradually diffused. There was also parallelly another consciousness that the regional-linguistic communities had more of such homogeneity and unity and that, hence, they also deserved to be called nations or nationalities. Those who made use of the modern communication media thus applied both the terms indiscriminately to assert their Indian and regional identities. Alternatively, Indian Hindus and Indian Muslims were also collectively projected by some as two distinct nationalities or nations sharing a common homeland and political destiny. Within the framework of the Moderate politics, however, it was the theory of pan-Indian nationhood that struck roots, as against the imperialist assertion that India's plural society lacked any kind of national consciousness whatsoever.

The unitary state structure of the British nation was looked upon as the model, and Indian people's multiple local loyalties were overlooked by the Moderates. Yet their 'one nation' theory had an objective basis too. The Moderates were the articulate section of the rising bourgeoisie and petty bourgeoisie oriented to Bombay, Calcutta and Madras, who had material interest in upholding an all-India approach. Generally, they had a background of upper caste origins. They anticipated that business opportunities, professions and jobs would be largely their domain, once the Indian market was freed from foreign domination. Their confidence stemmed from their early British contacts that had given them competitive advantages over their less developed neighbours. Besides, Indian objective conditions unmistakably pointed out towards a certain unity in diversity that one could stretch to provide a basis for a pan-Indian 'we-consciousness'. For an effective mobilisation of mass pressures on the rulers, the representatives of the all-India bourgeois needed and worked for the growth of such a consciousness. Against this backdrop, the relatively backward regional bourgeois and petty-bourgeois elements of the interior hinterlands of the imperial ports began also to think in terms of autonomy within a federal set-up as well as protected regional markets for themselves. But the aspirations of such subordinate bourgeois elements were only feebly expressed in the early years of nationalism. By the time the federal way out as well as a secular content for nationalism was widely accepted, the manipulation of religious and caste segmentations by vested interests had already

started complicating the national situation.

Early Indian nationalists thought that certain common identity marks separated them from non-Indian nations as such. They felt that there was a common composite culture, a common mental make-up identifiable as typically Indian, a common history and tradition and above all, a common interest in fighting imperialism—all these within a definite territory known as India whose boundaries had been mapped by British conquests in South Asia, excluding Sri Lanka, Burma, Nepal and Bhutan. Even the expression of Hindu and Muslim communal identities until the 1930's was pan-Indian in orientation, since there was yet no demand for a partition of the common homeland. Indian Muslim leaders till then stood for only parallel communal electorates and certain other safeguards. Despite its overall negative role, their communal political ideology, too, initially had a generalising impact so far as it attempted to cut across local, tribal, sectarian, linguistic and even caste solidarities with a view to consolidating all Muslims on the all-India plane.

The same protagonists of the one nation theory also referred to regional-linguistic communities like the Bengalis, Marathis, Assamese, etc as nations/nationalities and did not envisage any contradiction in taking such a multi-nationalist position. The fact that Bankim Chandra's *Bande Mataram* hails mother Bengal and her children, the Bengalis, and that its heavy Hindu content might wound Muslim religious sentiments did not later prevent even many Indian Muslims from accepting it as dependent India's national song. Such contradictions however raise questions as to how real was the supposed unity which the bourgeois discovered for his one nation concept.

Appearance may not necessarily be the real content of a thing, and the discovered common ground of the late 19th and early 20th century national consciousness at the pan-Indian level might have been largely just a myth. Yet myths, too, played a role in bringing the people together at levels regional and pan-Indian. No doubt, the density of convergence of various ties—ethnic, political, cultural, economic, linguistic etc—was higher at the linguistic-regional than at the pan-Indian level. Yet the fact of a dual national consciousness being there, then and now, cannot be denied, though at both the levels it remained and still remains cut up to some extent by castes, sects, tribes and other narrow solidarities.

Non-nation, one-nation, two-nations and many-nations—all these diverse approaches had their respective impacts on the historiography of Indian nationalism. Accordingly, historians narrated their events. More often than not, they failed however to grasp events as part of a secular process—the ethnic process of the era of capitalism and beyond. Whether we write history from above or from below, whether our focus is on a small locality or on a big territory, we need a conceptual frame. It has to be wide enough to encapsulate the relevant inter-relationships

in time and space and between parts and the whole, if our objective is to understand what happened and what is going to happen. The subset—the pattern of local domination or a community's own world of aspirations whatever that be—could be best grasped only in that context. Recently, a bold attempt has been made to pin-point the elementary forms of collective consciousness and autonomous behaviour of peasant insurgencies in British India. But this the author has done without really typologically distinguishing between peasant societies and less-differentiated tribal/semi-tribal societies or between peasant insurgencies *per se* directed against the oppressors and pure cases of collective ethnic violence without class discrimination.⁴ This otherwise significant analytical exercise does not also suggest how peasants would move from lower—what he calls subaltern, or at best insurgent in a purely inverted sense—to higher or transformative forms of their consciousness; and to what extent and in what form mediation from outside in this respect is a help or retardation.

The history from below approach is a necessary exercise for a fuller understanding of the people under study and for correcting distortions of a survey from above, but in no case is it sufficient. It also may produce its own distortions, unless integrated with a more objective view. A historian has to combine a wide range of disparate sources to see his object of study from all possible sides. In our context of the Indian national process, this combination is all the more necessary since, as we have seen, the relevant consciousness is a continuation of more than one stream. Even the long pre-history of our national process related to an all-India setting; where empires alternated with their breakdowns into regional states even as traditions, great and little, continued to interact and bring pressures on the *varna-jati* heritage.

The Prelude to Bourgeois Nationalism

This pre-history of Indian nation-formation is still an uncharted area of confusion. During the medieval period, regionalised linguistic-cultural patterns—in some cases with patronage of regional kingdoms—emerged at different points of time. The emergent literary languages were used and developed by religious reformers to propagate social reforms and popularise the *bhakti* cult with a view to humanising the *varna-jati* order. The reformation movements had a popular appeal—particularly to traders, artisans and peasants—and these helped the crystallisation of distinct linguistic communities of culture in several regions by the time the British appeared on the scene or even before. To Marxists like R P Dutt, A R Desai and Irfan Habib, this early crystallisation was not a political expression of any emerging national consciousness, firstly because there was no collective self-awareness at the subjective level at that juncture and secondly because the relevant level of increasing commodity production and division of labour did not indicate any bourgeois development inherent in the pre-British situation.⁵ The

reformation movements, unlike in Europe, preached surrender to one personal god or to the Guru as the sole mediator rather than giving a centrality to the individual conscience. Moreover, much of their early liberal values was lost when these movements got ossified into narrow orthodox cults in due course.⁶ Researches into the capitalist potentialities in pre-British India have so far shown no indication of any germination of a new attitude to the individual either.

There have been attempts by other Marxists, particularly Soviet scholars like I M Reusner, A M Dyakov and A I Chicherov to project a rosy picture of the pre-British stage of commodity production in India and present an alternative thesis on that basis. In Dyakov's view, for instance, local markets that were emerging since the 15th century and the increasing role of the town handicrafts and trade in the economic life in certain regions, were bound to create national literatures in various languages and thus facilitate communication between sellers and buyers. However, he too was not unaware of the limitations of this process.⁷ Unlike in Europe, Indian merchant capital was not anti-feudal in orientation in the 16th-18th centuries, and, second, the commodity flow was largely one-way from the Indian countryside to the towns. Hence, this alone could not have promoted a basis for the growth of capitalist relations and modern nationalities. Recent Soviet scholarship no more tends to exaggerate the dynamics of the process, but the thrust of their earlier argument nevertheless still persists in the writings of some. Only recently E M S Namboodiripad has once more argued that the regionalised communities of culture of the pre-British times formed an important stage in the evolution of Indian nationalities and that these emerged in response to indigenous merchant capital's need for "a home market wider than that existing in the traditional village society". That the regional crystallisations failed to grow into modern nationalities before the British take-over—this EMS now concedes—was due, according to him, to the failure of India's merchant capital to grow into industrial capital, given the rigidities of a social organisation oriented to the *varna-jati*, village community and joint family systems. The tendency towards regional national development, according to him, was further disrupted and slowed down by the colonial emphasis on overriding linguistic frontiers for building up a unified all-India market and state system, without at the same time destroying feudal institutions in that process. One may not fully agree with this explanation of the failure he offers or his assessment of Mughal India which, according to him, "could be compared with any country in the world in economic, socio-cultural and political development".⁸ Yet the point he makes cannot be overlooked.

The bourgeois-territorial ties of the subsequent period surely did not drop from the sky. They had a pre-history. Emerging from a pre-existing base of trading community ties, they helped the existing regional communities of culture to attain awareness as such at the subjective level during the British period. This coincided with a new

orientation and alignment of class forces. EMS therefore emphasises a fair measure of continuity in the growth of the objective forces behind nationalism. He also suggests that the beginnings of national movements in India pre-date the late 19th century bourgeois-intellectual activities. He makes a mention of the Velu Thampy revolt of 1809 in Kerala and the Indian revolts of 1857 in this connection. Both are characterised by him as national revolts led by the gentry—the first exhibiting a sense of regional-national identity of the Malayalees and the second, of pan-Indian national identity over an extensive area. This view, then, is quite different from the way other Marxist scholars—R P Dutt, A R Desai, Irfan Habib and even Sumit Sarkar—have looked at the problem.⁹ In EMS's chronological frame, the Indian national movement travelled its path through three phases as follows:

(1) *Nationalism of the gentry* beginning with the Velu Thampy revolt in Travancore and similar revolts in other regions ending with the Mutiny and Revolt of 1857 in Delhi, UP, etc; (2) *Nationalism of the bourgeoisie* expressing itself in the liberal politics of the Congress up to 1906-1907; (3) *Nationalism of the peasantry* beginning with the 'extremist' politics of the pre-First World War years and developing with the Gandhi-Nehru era.¹⁰

Here, again, one may not strictly adhere to the above schema and may allow overlaps and continuity in it. But the suggestion that the precursors of nationalism in India need not necessarily be the bourgeois and English-educated professional groups deserves consideration.

True that the 1857 revolts in northern and central India lacked an articulated progressive ideology with a focus on desirable agrarian changes. Yet we find among popular ideals, voiced by many statements of proclamation, an aspiration for indigenous sovereignty, the expression of the desirability of cooperation between Hindus and Muslims; and in many areas apparently outside Delhi's influence in the 19th century, currency of what had become a folk myth about the imperial solidarity created by the Mughal lineage. As Marx pointed out, the British-Indian army became in 1857 "the first general centre of resistance which the Indian people was ever possessed of".¹¹ Given, on the one hand, the mass participation of ruined peasants and artisans in the anti-Firingi revolts in several areas and; on the other, their lags in organisation and ideology, we cannot yet pass a final judgement on the nature of these revolts until we know sufficiently about the aspirations of the rank and file participants. Bundles of intercepted letters of the Sepoys, or the testimonies given by them and other rebels on trial before British tribunals after the revolts, that may still remain unexplored in the archives, for instance, of Uttar Pradesh, might have thrown more light on the issue. In Assam, we have evidence that the anti-Firingi discontent of the gentry who expressed solidarity with the rebellious Sepoys

was not altogether unrelated to thinking in programmatic terms, however crude and full of inconsistencies.

Maniram Dewan (1806-1858) who was executed on charges of conspiracy with the Sepoys was not an unenlightened man. He had no knowledge of English, but he authored an Assamese chronicle in the old tradition and had access to contemporary Bengali periodicals. Though a collaborator during the immediate post-annexation years, he became increasingly critical of the Raj, left his lucrative job in the Assam Company and started two proprietary tea gardens of his own—decidedly a bourgeois venture. His 1853 petition to A J M Mills betrays not only his dissatisfaction with the abolition of slavery and aristocratic privileges, but also an advocacy of the popular cause. Amongst the evils of British rule, which he listed, were the abolition of old customs, the establishment of courts and unjust taxation, the introduction of opium with its ruinous effects on agriculture, the making of the Province *khas* and discontinuing the *poojas* at Kamakhya, and the ill treatment of the frontier tribes leading to constant warfare with them. "Under these several inflictions the population of Assam is becoming daily more miserable. In proof of this, permit us to bring forward the fact that... down even to the time of Mr. Scott there were in every village"—he complained—"two, three, four or five respectable ryots possessing granaries filled with grain; but in these days, in the midst of 100 villages, it will be difficult to discover a couple of such ryots." He also resented the disappearance of artisans in general and recruitment of persons other than ethnic Assamese as revenue collectors.¹²

In his impeachment of the British rule, he did not however overlook its benevolent aspects. Among its benefits, he particularly mentioned the stoppage of such cruel punishments as blinding and mutilating limbs, protection of virgins from forcible abduction, the removal of all way-side transit duties, the abolition of forced labour, the establishment of a regular postal system and the opportunity of making drafts to other regions. As to the modern schools, he found them to be of "no use", since "there is neither any good nor yet any evil derived there from". It is however on record that he had earlier donated liberally towards the publication of an Assamese primer for the children.¹³

All said, what was highlighted in his petition was the naked oppression of the people under the British rule:

Illustrious Sir! We are just now; as it were, in the belly of a tiger; and if our misfortunes yielded any advantage to the Government, we should be content; but the fact is, there is neither gain to the people nor the Government; and so long as the present state of things continues, we can see no prospect of improvement in the future.

This is how Maniram Dewan, an old-time landlord-turned-planter,

assessed British imperialism and people's plight thereunder, and this is why within another four years he got himself involved in the 1857 upheaval and went to the gallows. He reportedly conspired to oust the British and form, with himself as prime minister, a new royal government that would reduce the tax burden on agricultural lands. If this is not nationalism, I do not know what is. Those tried and punished alongside of him included not only scions of the old Assamese aristocracy and Hindustani Sepoys, but also common people like an Assamese Muslim artisan and a Bengali Hindu Mukhtear. There is evidence that Assamese peasants, then engaged by the Assam Company in the cultivation of tea lands in its estate, struck work to express solidarity with the cause and were consequently convicted to prison terms.¹⁴

The Assam case is perhaps an exception in several respects; nevertheless, it indicates the potentiality of the then Indian situation. Merchants and moneylenders in general as well as the English-educated elite collaborated with the rulers. Yet the possibility of a lurking pro-rebel sympathy being there even in their minds cannot be totally ruled out. A negative racial consciousness, expressed as anti-Firingi sentiments, was already quite widespread by that time. This is evident not only from the near-contemporary middle class harangues against the oppression of the White indigo and tea planters, but also from stray adverse comments on the counter-insurgency measures. For instance, the Dibrugarh correspondent of the *Hindoo Patriot* described European soldiers' atrocities in that little town in September 1858 as an attempt "to bend the unbroken spirits of a newly acquired territory to the yoke of subjection". Indeed, the pre-Congress phase of early nationalism was largely a negative reaction on the racial plane, shared with oppressed peasants and artisans in common by men like Velu Thampy of Kerala, Maniram Dewan of Assam and Vasudev Balwant Phadke (1845-1883) of Maharashtra. This was the threshold of bourgeois nationalism and to that extent there was a continuum. This is why the 1857 revolts gained within a short time a certain legitimacy in the eyes of the modern bourgeois nationalists.¹⁵

Language as a Criterion

Before I take up the question of national development at the regional level in particular, let me straighten a couple of points. In my theoretical framework, which I claim to be Marxist, 'unity in diversity' as the bond of the nation is still the key-note with the first word in this phrase underlined. A mechanical adherence to any received definition of nation/nationality is also deliberately avoided because of the inadequacy of any such definition.

Most Marxists emphasise community of language as a *must* in the combination of factors deemed necessary to make a nationality/nation, primarily because such community facilitates market growth through easy communication. But if the same purpose can be largely served by

a widespread multilinguality and/or use of a link language, a nationality/nation could do even without this. Switzerland is not the lone example. Only recently the multilingual Jews, having got a territorial foothold, were seen reviving Hebrew and emerging as a nation-state. However, during the same period the Punjabis, despite their common language and territorial contiguity, broke up into three distinct cultural units. There is also the instance of the U S A. There diverse linguistic groups, despite their merger into the dominant culture for a complete conquest of the home market, still tend to maintain for some time their separate ethnic identities—Irish, Jewish, Italian, Chicano, Blacks etc—in their political culture. All this only suggests that, to begin with, language is not necessarily thicker than any other bond in all circumstances. Engels was quite clear on this point. Language as an ethnic property, he pointed out, “cannot serve as a criterion in settling the question of nationality” everywhere. Giving an example, he said that the Hungarian Germans, while still using their own language, underwent integration in other respects and became real Magyars “in spirit, character and customs”.¹⁶

This digression on language is only to emphasise that, despite a multilingual situation, the Indian we-consciousness is a fact of life coexisting with yet another relatively stable we-consciousness at the regional-linguistic level. The nation in the making in India, I have argued elsewhere, is not just a sum total of the component ethno-linguistic nationalities, but more than that.¹⁷ It transcends the latter and generates a nationalism built upon also on independent objective basis of its own. The *national* identity consciousness is dual in India at the personal as well as the collective level. Given a slowly developing economy and cut up by feelings of caste, sect, religion etc, this consciousness however continues to be immature at both the levels. It is also uneven from region to region. Secondly, the regional nationality feeling is not necessarily always thicker than the pan-Indian one. An example may be given. In the Hindi belt, the regional populations have not yet developed an unambiguous awareness of national affinity. “They regard themselves as Indians”, as Dyakov in 1963 noted, “but if a more specific question is asked, they name their State.”¹⁸ Or as one finds today, they may identify themselves even according to politically significant castes. Many disparate immigrant mercantile and working-class ethnic groups working in mines, plantations and urban areas, instead of mentioning a state, in fact mention their original locality or caste for identification.

The Pitfalls of National Consciousness

The immaturity of the process explains why, under manipulative tensions, British India broke up into three separate sovereign states, and why regional pressures still mount high in two of these three states. However, just as the branching off of a satellite from the earth at its

immature stage does not falsify the law of gravitation, so also the earlier unfortunate secessions do not falsify the trend and negate the Indian historian's perspective of unity in diversity in this trend. Dual national ties still continue in what is India today. A continued quest for suitable constitutional arrangements that would reflect this duality and yet emphasise the unity within a federal set-up, marks the modern period of our political history. Likewise, the universalisation of regional folk memories, symbols, idioms, myths, art forms and life styles at the pan-Indian level, through continuous cross-migration, fusion and interpenetration, dominates our cultural history. Multi-lingual Indian literature, music and films, by and large, played and still play a unifying role at the level of thematic and emotional contents.

If Indian nationalism is shorn of its secularism and federal spirit, it degenerates into aggressive great nationalism. However, while regional nationalism may have its own points, if it is divested of the spirit of unity and assimilation, it degenerates into chauvinist—and in an extreme case—even into secessionist little nationalism. If the first tendency is present somewhat markedly in the Hindi belt, the second tendency is there in some of our border states, particularly in India's north-east region. But these are only deviations that tend to get corrected over time; or, at least, this is my own hope. As the historian himself plays a useful subjective role in influencing events, he has a responsibility of highlighting the positive aspects of the integral two-stream national process as elaborated above.

Now, after this final summing up of my theoretical framework, let me have a fresh look at the problem from a regional window. In my case this window is north-east India.

II: THE PROBLEM OF THE NORTH-EAST

Of all its north-eastern states, Assam has the longest association and closest affinity with the rest of India. Roots of Indian heritage go back here to pre-Christian centuries. In the 7th century A D, Hue-En-Tsang found the local language only a little different from what was spoken in Madhyadesa. During the 14th-15th centuries, however, the Assamese language took a distinct shape, and literary works in it began to appear. The next two centuries saw a popular neo-Vaishnavite reformation and literary-cultural upsurge all over Assam which coincided with a simultaneous abridgement of its political fragmentation. The Vaishnavite monasteries accepted royal patronage, extended their proselytising activities also to tribal and Tai-Ahom people and eventually brought them all within the fold of a single language as well as a liberalised and expanded *varna-jati* order. The cult of *bhakti* indirectly promoted also *bhakti* to the reigning monarch who patronised this order. In fact, after the expulsion of the Mughal invaders by 1682, almost the entire Assamese people became politically and culturally consolidated

under the Tai-Ahoms, and they remained so down to the British take-over of 1826.

The development of Assamese as a rich literary language, the progressive merger of Tai-Ahom and tribal languages into it through a phase of bilingualism, a relative growth of trade, artisan crafts and money circulation, an expansion of plough and wet rice cultivation at the cost of *jhuming*, and a cultural awakening in general—all these helped the ongoing process of detribalisation (peasantisation) and feudal consolidation. The legitimacy the feudal regime thus acquired ended when its economic and social contradictions burst into civil wars during the late 18th century. This cultural and ethno-political consolidation of feudal Assam was no doubt related to trade growing over space, but its organisation was still near-primitive on a scale petty and lacking vertical depth. Merchant capital and artisan crafts here had hardly developed to the same extent as elsewhere in India in the absence of specialised trading caste groups or availability of insurance and *hundi* facilities. Surplus extraction, by and large, continued to take the form of labour-rent, and trade, of barter as before. The contribution of merchant and usury capital towards the homogenisation of the Assamese people was therefore only marginal.¹⁹

This apart, any collective awareness of this objective homogenisation was also hardly there. No conscious manipulation or mobilisation of such awareness for furtherance of emotional integration and political advantage was yet visible at any level, although there was no lack of territorial patriotism in the Assamese resistance to the 17th century Mughal invaders. Above all, the well-developed local language did not yet acquire a particular name. Well until its annexation, the term Asam (Assam) stood for only the older part of the Ahom kingdom, while Bharata/Bharatavarsha as an expression of India's geographical unity was familiar in the then Assamese Vaishnava literature. One 16th century Assamese poet-saint even went so far as to take pride in his birth in holy Bharatavarsha. Both the language and the people associated with it came to be designated for the first time as 'Asamiya' (Assamese) only after the British take-over.

The Emergence of Assamese Nationalism

All this suggests that Assamese nationalism was a post-British phenomenon. As an ideology and movement it took shape only during the second half of the 19th century, when such questions as the preservation and promotion of the mother-tongue, jobs for the sons of the soil and concern over colonial constraints on development, began to stir Assamese minds. We have already noted how Maniram Dewan, a representative of the gentry, gave vent to this nationalism. However, for a more positive beginning of the sustained national movement that followed, one has to turn to his contemporary representatives of the new English-educated nascent bourgeois and petty-bourgeois strata—the

middle class—that were emerging from Assam's colonial society. Foremost among them was Anandaram Dhekiyal-Phukan (1829-1859).

Dhekiyal-Phukan was a precursor of the Moderate school and of its mendicant and economic nationalism in more than one respect. Product of the Young Bengal movement and a government servant, he believed that the British were "in every respect admirably qualified" to play a regenerative role and yet had failed Assam in the matter of introducing European arts and sciences, improving the civil and social state of the people and enlightening their minds. As early as in 1853 he could visualise that modernisation without industrialisation was meaningless. He argued that "no nation can secure to itself the blessings and comforts of civilized life until it has manufactures of its own" and that no permanent advancement of agriculture was possible "until the people are relieved from the necessity of relying on a foreign country for the requisite implements of husbandry". His contribution to early nationalist ideology apart, Dhekiyal-Phukan also gave vent to Assamese national pride. He reminded the government that the Assamese were in no way "inferior in their intellectual capacities to any other Indian *nation*" (*italics ours*). In British official view, their language was a mere dialect of Bengali. Consequently, in suppression of Assamese, Bengali alone was recognised since 1837 as the vernacular of the Assamese people for use in schools and courts. Dhekiyal-Phukan protested against this, started publishing Assamese textbooks for children on his own and wrote an anonymous pamphlet to refute the erroneous official view.²⁰ It was thus that he joined hands with resident American Baptist missionaries to lay the foundation of a language agitation that remained a major plank of Assamese nationalism for another hundred years or so, even after Assamese was largely rehabilitated in 1873.

Until early 1873, Assam—the erstwhile Ahom kingdom—was only a division of the Bengal Presidency. Thereafter this division, three more Bengal districts and several newly conquered preliterate hill districts were amalgamated to form the British Province of Assam. Excepting for a brief period, 1905-1912, when East Bengal was joined to this province, its boundaries remained more or less the same from 1873 to 1947. Throughout the British period, the Assamese continued to be a minority linguistic group, outnumbered by the Bengalis not only within the provincial population—e.g., the former were 23 per cent and the latter 42 per cent as per census in 1931—but also in the services, professions and business. The Assamese middle class was far behind its Bengali counterpart because the latter had an early start in English education and collaboration. The problem before the former was one of getting a fair share of the crumbs of economic opportunities which were available to Indians within the province and, more than that, of self-preservation against the pressure of alleged Bengali expansionism and dominance. Even as the two regional middle classes worked together and combined to confront imperialism at the political level, they also

fought each other for jobs, land and hegemony over local culture and politics.

A new dimension was added to this problem in the 1920's when the Assamese middle class began to take a serious view of the ongoing massive immigration into the Brahmaputra Valley. The East Bengal immigrants were not the only pressure on this Assamese homeland. By 1940-41 altogether some fifteen lakh acres of wastelands that sustained a huge non-Assamese immigrant labour force there; had been progressively alienated to British planters. Of another eleven lakh acres (i.e., one-fifth of the Valley's total settled area) occupied by all sorts of immigrants from outside Assam, some five lakh acres went to East Bengali peasants as such. They were 85 per cent Muslim. To the Assamese people, these last-mentioned and more recent migrants were most unwelcome despite their positive role in introducing new crops and in extending cultivation. For, competition for land resources apart, they were supposed to be, unlike the earlier rural immigrants, culturally viable enough to resist assimilation into the local mainstream. The nascent Assamese bourgeois apprehended that these immigrants would, in due course, further tilt the province's demographic, cultural and political balance in favour of the Bengalis. This apprehension sustained a powerful lobby of little nationalism both inside and outside the Assam Congress during the three pre-Independence decades. Assamese little nationalism no longer remained during these decades just a middle class or nascent bourgeois phenomenon. It was fast reaching out to the peasantry, constituted of both autochthons and immigrants, and divided it. Because of incessant immigration, the proportion of Muslims in the population of the Brahmaputra Valley had moved up from 10 to 23 per cent between 1901 and 1941, thereby raising the ratio of both Muslims and Bengali-speakers to the provincial population as well. While this alone was enough of an irritant, Assam's inclusion in the communal demand for Pakistan in 1940 further complicated the issues.

Conditions of land abundance, low population density, government revenue consideration and, above all, the prevailing legal and nationalist concept of pan-Indian citizenship rights—all these made it difficult to deny wastelands to the land-hungry East Bengalis. Yet the Assamese fear of being turned into a minority even on their own home ground, the Brahmaputra Valley, and of getting culturally submerged attained a certain legitimacy both in British official and Congress quarters. As early as in November 1937, Gopinath Bardoloi (1890-1950) had written to Rajendra Prasad that, if immigration went unchecked, the linguistic problem would become "a source of constant friction resulting in violence, incendiarism and crimes of all kinds..." in the coming years. In fact, some checks in the form of the Line System—a device of the authorities to cordon off the predominantly tribal concentration fringes of the Valley from the settlements of non-indigenes—were already there in operation since about 1920, permitting colonisation of

migrants only in community-wise segregated blocs. This policy initially helped minimise the ethnic tension, but in the long run obstructed and slowed down assimilation. Even while lending critical support to the Line System, Congressmen went on pressing for its further tightening while Leaguers pressed for its outright scrapping. Meanwhile, land-hungry East Bengalis continued to pour in to queue up for wastelands and also to work for Assamese landlords and peasants, as and when needed. The Congress in the late 1940's approved of allotment of wasteland plots as a matter of policy to all pre-1938 landless immigrants, subject to local priorities and availability. The League, however, did not favour this idea of a cut-off year and stepped up its agitation, thus pushing the secular and radical forces into an unenviably difficult position.²¹

In the post-war political situation when everybody felt that transfer of power was round the corner, the national question of the region attained a new significance. The Congress electoral manifesto of 1945 had promised a linguistic reorganisation of the Province to ensure Assamese 'national' survival and had viewed the continuing inclusion in it of Bengali-speaking Sylhet and Cachar—both districts were under the Bengal Congress then—and the Bengali settlers' influx as the major problems begging a solution in that context. So committed and voted to power, the Congress government of Assam later refused to oblige the all-India leaders by joining the proposed Section C (Bengal and Assam) of the Cabinet Mission Plan and thus giving a trial to the Mission's confederation idea even at the risk of their own provincial autonomy. By its mandatory resolution of July 16, 1946, the Assam Legislature directed its representatives to the Constituent Assembly to shun the company of Section C for any kind of deliberations, and even to go ahead, if needed, with provincial constitution-making all by themselves. This stand of Assam on self-determination nipped the Cabinet Mission's make-shift One-India Plan in its bud and saved the Assamese from being roped into East Pakistan under a different name. Once the shadow of Pakistan over it was gone, Assam no more found it necessary, to its great relief, to draft a separate provincial constitution of its own.

The Assamese Nationality After Independence

When India was partitioned, the majority in Assam's most populous and major Bengali-speaking district, Sylhet, opted for Pakistan. This brought a big shift in the power balance and linguistic composition of the residual province in favour of the ethnic Assamese. A second significant shift in the 1940's followed a qualitative leap in the ongoing assimilation process. Diverse tribal and non-tribal linguistic groups of the Brahmaputra Valley had for a long time been silently adopting Assamese as their own language, and the immigrant Bengali Muslims, too, followed suit. The latter's otherwise slow linguistic conversion till then was hastened by a wise political act of the Assam Muslim League

immediately before, its going into voluntary liquidation in 1948. It had then advised its immigrant followers to adapt themselves to the local language and culture in every possible manner. Because of these factors, the Assamese emerged unprecedentedly as the major linguistic group in their own Province in the 1951 census. Even after Independence, the immigration from East Bengal continued; but instead of Muslims, non-Muslim refugees were pouring in.²²

The absolute numerical majority which the Assamese thus newly had in the Province, now called a State of the Indian Union, continued however to be strengthened by yet a third development. Its further linguistic reorganisation led to the creation of Nagaland in 1957, Maghalaya in 1970 and Mizoram in 1972 as separate units, in response to their demands for autonomy. Thus the transfer of Sylhet, the continuing linguistic conversion and the boundary reorganisation—these three factors combined to objectively consolidate the Assamese nationality by substantially narrowing down the gap between its state territory and its ethno-linguistic core area during 1947-1972.

The proportion of Assamese speakers to the total provincial/state population accordingly increased from 23 per cent in 1931 to 55 per cent in 1951, 57 per cent in 1961 and 61 per cent in 1972, despite their marginal presence in Cachar (present Cachar and Karimganj districts) and its two tribal hills districts which enjoy autonomy under the Sixth Schedule provisions of the Indian Constitution. The formal adoption of Assamese as the state-level official language in 1961 and as the sole medium of university education in 1972, concurrently with English for the time being, went a long way in fulfilling the Assamese nationality's long-standing aspirations on the cultural plane. The inherent strength of the Assamese language and culture is also reflected in the available data on bilingualism. For instance, 59 per cent of the Bengali speakers of the Brahmaputra Valley recorded Assamese as their second language in 1961, while Bengali was recorded as second language in the case of only 4 per cent of the Assamese speakers. Among contributors to modern Assamese literature and culture, the number of those of immigrant origin is also evidently on the increase.

However, for this achievement, long-drawn political mobilisations from below were necessary. The nascent Assamese bourgeoisie succeeded in rallying behind them not only those of their own blood, but also the neo-Assamese, particularly the immigrant masses of Bengali Muslim origin. Invariably, these latter sent their children to Assamese-medium schools, as they still do, recorded Assamese as their mother tongue at every census from 1951 onwards, and lent active support to the language agitations of 1960-61 and 1972. Their new linguistic commitment, initially by and large an act of political wisdom though, was indeed prompted by deeper market compulsions and the pull of the integrative process historically long in operation.

This shift in the immigrant Bengali Muslim 'peasants'

commitment was favoured by several circumstances such as their distance from Assam's urban Bengalis, initially almost a total lack of literacy among these migrants and the close similarity in most cases of their dialects with those of Assam across their previous borders. More than that, once politically and physically cut off from East Bengal and its market, their dialects began locally to borrow new words, expressions and tones and thus gravitate towards Assamese. The script (barring two letters) and a large stock of vocabulary being common to both Assamese and Bengali, the change-over from one to the other over two or three generations was neither difficult to achieve nor unnatural.

The linguistic assimilation of the Bengali Muslim peasants thus progressed and thickened considerably by the time an educated middle class was born within their ranks. And when such a class began to emerge during the post-Independence period, they looked forward to upward social mobility into the culturally advanced Muslim section of the Assamese petty bourgeoisie through emulation of their norms and inter-marriages rather than to reversing the assimilation process. That all this assimilation went on till 1972 with the approval of and active encouragement from the Assamese cultural and political leaders is amply clear from the annual presidential addresses of the Assam Sahitya Sabha (established in 1917) and the history of the Congress and other political parties. Not only East Bengal Muslims, but immigrant Nepalis, Bengali Hindu refugees, Jharkhandis etc. as well as local tribals were also gradually drawn into this assimilation process over the years, although the rate and degree of assimilation had differed from community to community and from group to group depending on the circumstances.

The ongoing process of assimilation at first took the form of *asamization* and then gradually, in many cases, also of *asamiyaization*. By *asamization* I mean the acquiring by the immigrants of an Assamese way of life through interpenetration and fusion of their particular traditions and cultural symbols with those of the autochthons without the loss of language on any side, whereas *asamiyaization* involves linguistic conversion as well. It was by way of continuous *asamiyaization* that tribal and immigrant groups, as well as individuals, were absorbed into the Assamese nationality, and the latter came to dominate both numerically and politically, as well as culturally, in the Brahmaputra Valley—the core area of the State. While assimilation is still welcomed by the Assamese people, further immigration from neighbouring countries or, for that matter, from even the rest of India is not. The ethnic Assamese are in constant dread of the rate of assimilation being outstripped by that of migration and of the balance being thus tilted against them. It is essentially this xenophobia, the fear of numbers, that had led to the recent lingering revolt of the ethnic Assamese. Besides, the current movement of the tribal population of the plains for a separate homeland within the Brahmaputra Valley, also, has added to the fear complex.

I have elaborately dealt with this recent upsurge elsewhere and want to say only this much here that, however motivated and misguided, this has a certain historical meaning insofar as it reflected the anger and frustrations of the Assamese nationality in the making, caught in between a stagnated economy and an unprecedented pressure of population.²² The high birth rate notwithstanding, much of this pressure is generated by immigration from an area that has recently, for the last three decades and more, been deemed as a 'foreign land' and has also become a strange land in the eyes of the post-Independence generation.

We have earlier argued that any kind of national consciousness, region-wise or pan-Indian, remains yet an incomplete process. We now suggest that, given the linguistic nationalities at their various stages of development, what is brewing in the Indian melting pot is one nascent nation, not many nascent nations. For one thing, regional markets are getting more speedily integrated than before on the basis of a pan-Indian division of labour. For another, the big business in India, having no particular linguistic region to claim as its own homeland, has an investment pattern and political behaviour which are pan-Indian in orientation. It is but natural that such a class would look forward—and legitimately—to subordinating regional nationality formations to their own idea of nation-building process. The Indian working class, too—because of its mixed ethnic composition in urban centres, mines and plantations—has a stake in the latter process to which it has also been making its own independent contribution.

The regional middle and small bourgeoisie, on the other hand, are today so interlinked with and objectively dependent upon the all-India big bourgeoisie—all of them again are so helpless before the onslaught of multinationals—that it is no longer possible on their part to assert a totally independent path of capitalist development for their respective regional nationalities. Yet their regional feelings, extended downward to the peasant masses, are strong because of their widespread economic, cultural and political frustrations. In Assam, for instance, given its stagnant economy, incessant immigration is legitimately viewed as a threat to economic, cultural and political stability. Squeezed by the extra-regional big bourgeoisie and facing a bleak future, the Assamese middle and small bourgeoisie are reluctant to share their limited state power and resources with the neo-Assamese nascent bourgeois groups which are emerging from the immigrant communities. Hence the demand for a halt to immigration with retrospective effect from an agreed date. The professed issue of the current Assam agitation is therefore not secession from India but maintenance of the basic ethnic character of the State. This is not to say that the agitation is not violent, undemocratic in several other respects or chauvinist.

Despite violent excesses and carnages committed in the name of the 'anti-foreigner' agitation, secessionist threats of the hawks at its fringe and the consequent shrinkage of its initial mass base, it is the

legitimacy of certain national aspirations lying at the core of this misguided agitation that has so far sustained it. Assam's national question is too complex for a simple solution. How the basic ethnic character of the state is going to be maintained, whether through dispersal and/or deportation as well as disenfranchisement or through induced assimilation and such other means as another boundary reorganisation, is a matter yet to be decided by the political process in operation. But this solution has to be desirably within the frame of a democratic approach. Autonomy, assimilation, citizenship and minority rights, due procedure of law and secularism—all such concepts have a bearing on and relevance to the subjective aspects of the problem of nation formation in federal India.

The Hilly Border States

Unlike in Assam, the basis of pan-Indian nationalism is historically somewhat weak in the case of north-east India's hilly border States. What is called 'Indian great tradition' by some sociologists hardly penetrated these border terrains, since these had always remained outside all pre-British Indian empires. The British excluded them from regular administration, from the railway network and from all opportunities of free contact with the rest of India. These terrains, excepting for the valley portion of Manipur, also remained in general outside the radiating influence of the Indian national movement. Consequently, the concerned peoples there could start sharing pan-Indian nationalism rather late. Even their crystallisation into regional-national identities was a late phenomenon.

Manipur, Nagaland and Mizoram—each has different problems of its own. Unlike the stateless preliterate Nagas and the Mizos of pre-British times, the Meiteis (Manipuri) had a crystallised feudal state and a literature of their own since centuries back. They absorbed much of the Indian culture and tradition during those medieval times and, in the 18th century, adopted Gaudiya Vaishnavism *en masse* as their religion. Hence, compared to Nagaland and Mizoram, Indian tradition in Manipur has deeper roots. While any kind of national consciousness is not traceable in the first two territories before the early 1930's, there is evidence of a dual national consciousness striking roots in Manipur from the early 1920's. By the 1940's the search for Meitei identity was already dominated by a peasant nationalism, and it was integrated with the Indian national movement.²⁴ In Manipur (22,000 sq km), the unilingual plains-dwelling Meiteis—they are 90 per cent Hindu and 10 per cent Muslim—constitute two-thirds of the population, but occupy only a small valley that constitutes about one-tenth of the state territory. The rest of Manipur, all hilly, is exclusively peopled by Naga and Mizo tribes who are animists turned Christians. Until recently, one aim of the Manipuri movement has been to assimilate the tribes into the emerging Manipuri nationally, while its other aim has been the integration with

the Indian national movement. But with the growth of Christianity and a different orientation of the identity search in the Naga-Mizo areas, this first aim is no more attainable. The consequent frustration has therefore led to an irrational reaction to the wider integrative process. Extremism in Manipur is now aiming at a revivalist reversal of whatever integration was achieved in the past. Its emphasis is on regionalism, de-Indianisation (de-Sanskritisation) and secession. The Meiteis are advised by the extremists to discard such symbols as had bridged them with the Indian tradition and to revive their old script and animistic belief system. They also profess to have socialism as their goal.

In Nagaland (17,000 sq km) and Mizoram (21,000 sq km), the national question is complicated in another way. Unlike Manipur, they have no Hindu past and present to shake off; in both, the dominant religion is Christianity. The percentage of Christians in the relevant total population increased from nil, or almost nil, in 1901 to 67 per cent in Nagaland and 86 per cent in Mizoram, as against 26 per cent in Manipur, by 1971. Again unlike Manipur and Mizoram, Nagaland has no dominant language of its own, since no local language has yet emerged as a means of inter-dialectal communication. There are no less than 14 tribes and as many languages written in the Roman script (like all tribal languages of Manipur and Mizoram). No single language, however, is spoken by more than 16 per cent of Nagaland's population. English at the elite level and Nagamese (pidgin Assamese) at the popular level are used there as link languages. Thus, in a sense, Nagaland is the epitome of India, its problem being that of integrating its many tribes/linguistic groups into one nationality. This task remains before them as before, while the Nagas are increasingly abandoning the secessionist path and emotionally integrating themselves with the pan-Indian nationalism.

As an overwhelming majority of Mizoram's population speaks Mizo, the regional nationality is more consolidated there than in Nagaland. However, even there the tribal population—90 per cent Christian—consists of at least three predominantly Christian tribes (Mizo, Lakher and Pawi) and one Buddhist tribe (Chakma). The latter, largely consisting of immigrants from neighbouring Bangladesh, uses altogether a different script and language. The beginnings of regional nationalism go back, as in Nagaland, to the early 1930's by which time the petty bourgeois and nascent bourgeois elements had begun to emerge in both the societies.²⁵ However, the Mizo nationalism, unlike its Naga counterpart, turned secessionist long after Independence. Before that it strived for consolidation of all Mizo areas into a separate state within the Indian Union and for the abolition of all feudal privileges enjoyed by the local tribal chiefs.

The political aspirations of the Naga and Mizo nationalities are not contained within their respective crystallised units, but radiate beyond and overlap. Under any scheme of political reorganisation of

north-east India in accordance with the 'principle of nationality', the State of Manipur is liable to be broken up and reduced to just one-tenth of what it is in area today, if Naga and Mizo national aspirations are to be accommodated.²⁶ In that process, the boundaries of Nagaland and Mizoram will also have to be mutually readjusted. In other words, a degree of national conflict is inherent not only vertically in the Centre-State relationship, but also horizontally in the inter-state relationships of Manipur, Nagaland and Mizoram. Both are dimensions of the national question in north-east India as elsewhere.

One must note what is progressive and democratic in Naga and Mizo little nationalisms. By emphasising that the Nagas or the Mizos are one people despite their tribal and Church differences, these nationalisms continue to give ideological support to the de-tribalisation process they are undergoing. The Naga/Mizo petty bourgeoisie are playing at the micro-regional level the same unifying role as is played at the pan-Indian level by the big bourgeoisie. With every extension of their local autonomy through constitutional reforms and with an increasing removal of communication gaps, a shift in their attitude in favour of Indian unity is also already within sight. After all, the scope of consolidating a Naga, Mizo or Meitei national market on the basis of a division of labour, tailored to their respective tiny populations and meagre resources, remains extremely limited. There is no national or cultural oppression visibly imposed on the aforesaid three border states by any particular dominant nationality. If they still suffer, they do so together with the toiling people of other parts of India, under the same misrule of a landlord-big bourgeois combine. In fact, the importance of these sparsely-populated terrains lies not in their economic prospects as markets and raw material supply sources for India as such, but in their strategic location as defensible natural borders; and the salvation of their inhabitants, in the establishment of socialism in due course and autonomisation.

For an understanding of the course of the national development in India, I started with a theoretical framework and have analysed the situation in north-east India with a reference to that framework. I am aware that I have raised more questions than I have answered. There is yet much work to be done, and I trust, the historian of Indian nationalism will increasingly put the regions under their scrutiny to get at the complexities of the modern Indian situation.

(This paper constitutes with very slight modifications the text of the author's Presidential Address to the Modern Indian History Section of the Indian History Congress at its 44th session, held in December 1983 at Burdwan).

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- 8 Quotes from E M S Namboodiripad, "The Indian National Question: Need for Deeper Study", *Social Scientist*, Vol 10, No 12, pp 63-69.
- 9 Dutt, n 5, pp 283 and 306; Desai, n 5, pp 158, 311 and 433; Sarkar, n 2, pp 2-3 and 44.
- 10 Quotes from Namboodiripad, n 8, p 63 for his latest views. See also his *Kerala Society and Politics: A Historical Survey*, New Delhi.
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The first periodical in Manipuri language, *Meitei Chanu*, was published and edited by Hijam Irabat Singh (1986-1951) in 1922. The first politico-cultural organisation, the Nikhil Hindu Manipuri Mahasabha, was established in 1934 and was renamed Nikhil Manipuri Mahasabha in 1938. The toiling women's movement (*nupilan*) in 1938 against the milling and the transportation of local rice to outside the State by traders brought in its wake a new political awakening which gave rise to several mass organisations to take the place of the defunct Manipuri Mahasabha during the 1940's. Irabat Singh emerged as a nationalist leader and he joined the CPI during this period. The vanguard role the toiling women played in Manipur to rouse the people, has no parallel of its own anywhere else in India. After the lapse of British paramountcy over Manipur, the Maharaja conceded a State Constitution. He ordered its first ever elections on the basis of universal adult suffrage in 1948. This led to the formation of Manipur's first elected legislature and responsible government. Following the merger agreement of October 15, 1949, all these constitutional experiments at local initiative were, however, quashed.

- 25 The Naga Club of Kohima, established in 1928 at official initiative, demanded exclusion of the Naga Hills from the proposed British-Indian constitutional reforms in January 1929, in the course of its memorandum to the Simon Commission. In contrast to this, some Mizo gentlemen petitioned in 1933 and in 1934 for extending the reforms to their district. These events may be deemed as feeble beginnings of a process of politicisation that led to the formation of the Naga National Council in 1945 and the Mizo Union in April 1946 in the respective terrains. See for details, *Planter Raj to Swaraj*, n 21, pp 320-328; Verrier Elwin, *Nagaland*, Shillong, 1961; External Affairs Ministry, Govt. of India, *The Naga Problem*, New Delhi, nd; Piketo Sema, *Naga Uprising 1946-1963*, unpublished M Phil. thesis, JNU, 1979; article by V Venkata Rao on the Mizos in S M Dubey (ed), *North East India: A Sociological Study*, Delhi, 1978, p 216; B B Goswami, *The Mizo Unrest: A Study of Politicisation of Culture*, Jaipur, 1979. S K Chaube, *Hill Politics in North East India*, Calcutta, 1973.
- 26 In 1971, scheduled tribes' percentage share in the relevant total population was 31 per cent in Manipur, 89 per cent in Nagaland and 94 per cent in Mizoram. All the three were multi-tribal and multi-lingual.

M J K THAVARAJ*

Marxism and Social Sciences: A Synoptic View

KARL MARX was a giant among social scientists. His intellectual heritage, multi-disciplinary academic equipment, familiarity with contemporary political developments and involvement in revolutionary movements enabled him to develop a rare insight into the interconnection between diverse social science disciplines on the one hand and between theory and practice on the other. His father was an eminent lawyer. His mathematics teacher was a materialist and an atheist. Apart from art and languages, Marx was familiar with proscribed revolutionary literature. He was steeped in the teachings of German philosophers like Kant, Fichte, Hegel and Feuerbach as well as the classical political economy of England which provided the philosophic and theoretical basis for the emerging capitalism in Europe.¹ He was also acquainted with the Utopian socialist ideas propounded by Saint Simon, Fourier and Proudhon who were concerned about the ruthless exploitation and glaring inequalities associated with the development of capitalism in Western Europe. Exposure to such multi-faceted developments in thought and action helped Marx a great deal in developing his laws of social development and revolutionary strategy to overthrow exploitative social systems.

Marx was a materialist but not a mechanical determinist. He used Hegelian dialectics but divested it of its idealist kernel. He was devoted to the discovery of laws of motion of society but did not interpret historical developments in terms of dates and personalities. He unravelled the mysteries of capital accumulation but was deeply committed to end capitalist exploitation. He was a socialist but not a Utopian divorced from social reality.

Historical Materialism as developed by Marx has tremendous methodological significance for social scientists. Marx and Engels employed this method to probe into the secrets of surplus value and the specific laws of capitalism. Explanations of the nature of transition of capitalism from feudalism had led them to the identification and analysis of socio-economic formations, the classic description of which is given

*Professor of Financial Administration, Indian Institute of Public Administration, New Delhi.

in Marx's Preface to his work *A Contribution to the Critique of Political Economy*. Marxian concepts of the mode of production, forces of production and production relations are central to the categorisation and periodisation of historical evolution of society, as well as to the outlining of the laws of social development and predictions about future. The opening sentence of the *Communist Manifesto*; which says "the history of the hitherto existent society is a history of class struggles", is imbued with the basic concepts of historical materialism. Similarly, the ideological essence of social sciences like politics, law, psychology, morality and aesthetics is emphasised by Marx in his famous statement, "it is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness".² In Marxist methodology, the relationship between base and superstructure is crucial to the understanding of social sciences.³ In other words, ideology pervades social science. In societies characterised by antagonistic classes, social consciousness would reflect the class character. As Lenin put it, ideas have always reflected the needs, interests, strivings and aspirations of a certain class.⁴ If economic relations of society present themselves in the first place as interests, this means that the economic material interests of a class are reflected in its political, legal, philosophical and other doctrines and theories.⁵ Diametrically opposite ideologies reflecting the views of the exploiting and the oppressed classes are clearly discernible in a society consisting of antagonistic classes. But in any epoch the dominating ideology is that of the class that holds dominating economic and political positions. The class which is the ruling material force of society is at the same time its ruling intellectual force.⁶ That under capitalism the theories and prescriptions can be free from the dominating influence of the ruling capitalist class is inconceivable under Marxism.

Marxist Ideological Perspective

It is true that Marxism maintains that all social ideas and views—social consciousness as a whole—originate and develop on the basis of economic conditions. In other words, ideology is ultimately determined by economic development and relations of production. But there is a range of intermediary links between the economy and ideology. This means that social ideas and theories are to an extent independent of society's economic basis. They have a certain degree of independence.⁷

The sphere of history of ideas has its specific laws and its inner logic. Referring to this peculiarity of the ideological process, Engels wrote:

Every ideology...once it has arisen, develops in connection with the given concept-material and develops this material further; otherwise it would not be an ideology, that is, occupation with

thoughts and with independent entities, developing independently and subject to their own laws.⁸

Thus, ideology develops not only on the basis of a general historical law according to which social being gives rise to and determines social consciousness, but also on the basis of a specific law by virtue of its inner logic.⁹

Each new ideological system, being in content a reflection of society's economic relations, in its form is a continuation of the preceding development of thought and dependent on the accumulated share of knowledge, ideas and concepts. Social ideas and theories do not arise from scratch in every new epoch. They develop on the basis of the ideological material of the preceding epochs, under the impact of the preceding stages of ideological development, and are directly related to them. Thus there is an uninterrupted line of ideological development in all the spheres of social consciousness—in philosophy, art, morals, science etc.¹⁰ This position is affirmed by Engels who has observed that the ideologue who deals with history "possesses in every sphere of science material which has formed itself independently out of the thought of the previous generations and has gone through its own independent process of development in the brains of these successive generations."¹¹

The successive development of ideology is not isolated from economic development of society and in the final count is based on it. But the history of ideological development and the periods of its rise and decline do not fully coincide with those of economic development. Ideological continuity is also linked with the class character of society. Various social classes draw diverse ideological material from the thought of previous generations.¹²

The relative independence of ideology also finds expression in the fact that social ideas and theories can outpace economic development of society. Social consciousness, however, has a tendency to lag behind social being. The survivals of the past persist with special tenacity in the sphere of social psychology, where customs and traditions, deep-rooted opinions, sentiments and conceptions play a big role. They possess a tremendous force of inertia.¹³ As Marx has put it:

The tradition of all the dead generations weighs like a nightmare on the brains of the living.¹⁴

The lag of social consciousness behind social being is not confined to the sphere of social psychology alone. It is also inherent in ideology, particularly in the ideas and theories of the outgoing social classes.

The main forms of social consciousness—political ideology, morality, religion, art, philosophy—arose in the process of historical development on the basis of definite social requirements. Each form of

social consciousness is called to life by definite social requirements. The forms of social consciousness differ from each other according to the subject and method of reflecting social being, to the social functions and the character of their interconnections with the economic basis of society.¹⁵

Lenin defined politics as a concentrated expression of economics as its epitome and culmination. The politics of a particular class directly expresses its main and decisive class interests. Politics reflects economy through the prism of class relations which take the form of class struggle in antagonistic class formations and of cooperation of the toiling classes under socialism.¹⁶

Politics embraces the aims and tasks advanced by social classes in the struggle for their interests and also methods and means of expressing and defending these interests. The relations of classes to the state and its tasks and forms of activity are one of the corner-stones of politics. It also covers the relations between nations and states. Relations between states form the sphere of foreign policy which is inseparably bound up with internal policy of the ruling class and is in effect its continuation. It follows, therefore, that in the broad sense of the word, politics encompasses the relations between classes, nations and states, the struggle of classes for domination in society, for state power and for directing its activity.¹⁷

Political ideology (theories and views) reflects the interests, aspirations and aims of a given social class. It embodies the attitude of the ruling class to other classes, its view of the class struggle, revolution, social and state structure, relations between nations and states as well as problems of peace and war. Political ideology finds its expression in the constitution of countries, in the programmes and slogans of political parties and other political organisations.¹⁸

Juridical ideology or consciousness of law is closely related to politics. Both are closely connected with society's economic basis. Law is forged under the decisive influence of the policy of the ruling class. Its obligatory character is sanctioned by state. The *Communist Manifesto* refers to jurisprudence as the will of the ruling class elevated to law.¹⁹ Law is a system of mandatory rules of human behaviour in society which are fixed in definite laws and backed by state compulsion. On the other hand, juridical ideology is the sum total of views expressing the attitude of a given class to the existing law and to legislation. It is the conception of what is legal and illegal, mandatory and optional.²⁰

Consciousness of the law reflects society's economic relations in specific juridical notions, in conceptions about the duties of the members of society, about the law and legality. It reflects not only economic but also political and family relations. Yet, juridical ideology reflects social relations from the standpoint of juridical regulation of the behaviour and actions of members of society.²¹ In the words of Engels, economic facts must assume the form of juristic motives in order to

receive legal sanction.²² Juristic motives and juridical norms constitute the specific language used to express economic and other social relations in the ideological form of legal consciousness. Hence, juridical ideology has a normative character regulating the behaviour of people in society. Its basic categories are rights and duties, law and legality, court and justice, crime and punishment etc.²³ Like political theories, juridical theories have a potent class character. In a class-ridden society, the juridical ideas of the ruling class serve to substantiate the legality of given social relations based on a definite type of property ownership.²⁴

Morality as a form of social consciousness is the aggregate of historically established and historically changing rules and standards of human behaviour which are common for a given class or for society as a whole.²⁵ While the laws are sanctioned by the sanction of the state, morality rests on the force of public opinion, man's inner convictions, habits and upbringing. Religion claims eternal and immutable moral conceptions of good and evil, justice and injustice etc, backed by divine injunctions. Marxism maintains that moral principles have constantly varied and are varying under the influence of changes in production and above all in production relations. As Engels put it, all moral theories have been hitherto the product, in the last analysis, of the economic conditions of society obtaining at the time.²⁶ According to him "the conceptions of good and evil have varied so much from nation to nation and from age to age that they have often been in direct contradiction to each other."²⁷

While recognising the existence of universal elements of morality, Marxism focuses attention on the class content of morality, for in a society divided into antagonistic classes there cannot be one morality both for the ruling and exploited classes. It maintains that in a slave-owning society, the dominant morality is that of the slave-owners, in feudal society that of the feudals and in bourgeois society that of the capitalists. They are opposed to the moral standards and principles of the slaves, peasants and proletarians. Bourgeois morality sanctifies private property and exploitation. On the other hand, as argued by Lenin, communist morality "stems from the interests of the class struggles of the proletariat".²⁸ Like all other forms of social consciousness, religion is a reflection of social being; but it reflects reality in an unreal and illusory light. According to Engels, "the terrestrial forces assume the form of supernatural forces".²⁹

Art differs from other forms of social consciousness in both its object and in the way it reflects reality. The peculiarity of art consists in that it reflects reality in the form of artistic images and not in the scientific logical form as is done in science and philosophy. The idealist theories assert that works of art are either manifestations of the eternal or absolute notion of beauty or as an expression of the subjective human ego independent of social conditions. Art, they say, exists only for art's sake. But, the history of art shows that its development is inextricably

bound up with social life and that it is a reflection of social conditions and life of society. Like any other form of social consciousness, art develops in close connection with social progress and reflects the changes taking place in social being. But compared with other forms of ideology like politics and law, art is more removed from the economic basis. Continuity plays a big role in the development of art. But, being a form of ideology, art in a class society is of a class character, although it does have certain features common to all men. Whether they know it or not, artists and writers always express the interest of definite social classes, their outlook, views and attitudes of the surrounding world.³¹

Marxists have maintained that philosophy is and always has been a class philosophy. A philosopher may believe it is not so, but that does not alter the fact. For people cannot think in isolation from society and therefore from the class interests and class struggles which pervade society, any more than they can live and act in such isolation. A philosophy is a world outlook, an attempt to understand the world, mankind and man's place in the world. Such an outlook cannot be anything but the outlook of a class and the philosopher functions as a thinking representative of a class.³² Dialectical materialism is in the truest sense a popular philosophy, a scientific philosophy and a philosophy of practice.³³ In the words of Stalin, "the Marxist doctrine is omnipotent because it is true. It is complete and harmonious and provides men with an integral world conception which is irreconcilable with any form of superstition, reaction or defence of bourgeois oppression."³⁴ As a scientific concept dialectical materialism has not only helped to develop the laws of social development and change through ages but also to comprehend the linkages between production relations and forms of social consciousness. This is the quintessence of the Marxist approach to social sciences. It investigates and discloses the development of society as a whole, the aggregate of phenomena of social life and all its aspects in their interconnections and interconditionality.³⁵

Under the Shadow of Capitalism

Classical theorists like David Ricardo and J S Mill had appreciated the linkage between economics and politics and chosen to call their treatises Political Economy. Following in the footsteps of Adam Smith they were carrying on a relentless campaign against the cramping influence of mercantilist theories and policies and remnants of feudal institutions on emerging capitalism. Bacon, Kant, Hegel and so on were engaged in laying the philosophical foundations of the capitalist social order. Though the interconnections they had perceived were not as comprehensive as the Marxist dialectical and historical materialism, the classical political economists were keen to hasten the pace of capitalist development and were advocating drastic changes in the political ideas and institutions as well as in the legal concepts and framework in

consonance with the competitive economic system based on private property.

But once the capitalist system was firmly established, social scientists began to abandon their integrated approach to social sciences as well as their dynamic role in changing the social order. The social sciences not only tended to be fragmented into narrower areas within which social scientists sought to develop their respective concepts, theories and inner logic, but also began to assert their autonomy and independence from the basic socio-economic reality. In effect, the large bulk of social scientists accepted the capitalist system as given and sought to improve its rationality. Any change that was contemplated was to improve its logical consistency and operational efficiency rather than to usher in alternative systems. Consequently, an air of unrealism has pervaded social sciences. Aesthetics is regarded as the self-expression of individuals who pursue them for their own sake. Moral principles are meant to be universal and eternal governing people all over the world at all ages. Philosophy is projected as an idealist construction based on deductive logic. Politics is explained in terms of concepts, institutions and structures unrelated to basic economic interests and social relations. Sociology is confined to individual and group behaviour within organisations. Some historians still believe that history is the product of eminent men and important milestones; but a vast majority of Anglo-American academic historians seem to be, both in their practice and in their relatively rare moments of theory, causal pluralists.³⁶ Of these the trends in economics and sociology deserve special emphasis.

Western sociologists deny the existence of objective laws of social development. They dismiss ideology as "false consciousness" and call for an "end of ideology". Their stated objective is to develop "value-free", "genuine" sociology which could look at social reality "without ideological glasses". While some talk about "strictly factual social science", Max Weber is credited with a logically developed value-free "ideal type" against which reality may be compared. He has suggested the same ideal type for bureaucracy which cannot be dispensed with or replaced once created.³⁷

A dominant trend in American sociology is the behavioural approach.³⁸ The behavioural school assumes institutional structure as given. According to Professor Homan, an exponent of this approach, the central problem of the social sciences is defined as the demonstration of how the behaviour of individuals creates the characteristics of groups. The task is one of producing psychological propositions on the basis of directly observable small group research. The general propositions of all social sciences are propositions of behavioural psychology. According to the behavioural approach, the only general propositions in social sciences are propositions about individual behaviour.³⁹

Talcott Parsons, in his essays on social conflict, enumerates

different types of tensions and conflicts but regards conflicts as dysfunctional for a social structure in which there is no or insufficient toleration and institutionalisation of conflict. In fact, he has adopted big corporations and idealised the structure of corporate capitalism.⁴⁰

Of all the social sciences economics is the most sophisticated in terms of concepts, boxes of tools and techniques of analysis. A good part of theoretical exposition is mathematical. Quantitative models are very much in vogue. This has prompted some economists to claim that economic analyses are logical statements independent of property relations. In other words, it is argued that the scientific core of economic analysis is "supra-institutional and supra-historical". The analysis involved is said to be "pure" and "positive", free from ethical postulates and ideology. Neutrality is claimed even for "pre-analytical cognition" or "vision".⁴¹ Economics is preoccupied with market phenomena especially with the determinants of prices of products and factors of production. Production is explained in terms of input-coefficients and production functions. Conditions of production, relations of exchange, costs, etc., are also considered relevant aspects influencing price from the supply side. Individual preferences constitute the predominant element influencing demand. Distribution is linked with "productivity". The entire range of analysis is embellished by "marginalism" contributed by the Austrian School and "welfare" concepts. However, economic analysis is abstracted from social reality and property ownership and social relations are kept outside the market place.⁴²

Can Social Sciences be Value-free?

An examination of some of the formulations of sociology and economics would reveal how untenable is the claim that social sciences can be value-free.⁴³ For instance, Weber defines capitalism as a "culture" in which the "governing principle" is the investment of private capital. Weber calls capitalism a "culture" instead of a socio-economic formation or a mode of production. Secondly, he assumes a "governing principle" without explaining its grounds. It is thus ahistorical. Thirdly, while assuming investment of private capital as the governing principle, Weber evades the crucial question of structural interrelationship between capital and labour. The term labour is conspicuously absent in his definition. Consequently, he ignores thorny questions like "extraction of surplus value". All he does is to idealise capitalism and fit facts into the model. It is therefore not only ahistorical but also blatantly ideological—an apologetics of exploitative capitalism. Similarly, his idealisation of bureaucracy is unwarranted by historical reality. Analysis of classes is crucial to an understanding of state power. As a part of the state, bureaucracy is an apparatus of oppression in the hands of the ruling class.⁴⁴ But characterising it as a neutral instrument, Weber evades the basic question of state power in a

class society. Parsons' attempt to institutionalise and resolve conflict within the idealised structures of corporate capitalism suffers from the same ideological bias.

Behavioural approach has been unashamedly catering to the acquisitive instincts of property owners. Modern capitalists are increasingly using knowledge of human psychology and behaviour to extract maximum surplus from human labour. It is argued that production relations prevailing in the capitalist world are not antagonistic and that increasing production is merely a matter of motivating workers and providing communication. It is asserted that there is no clash of interests between employers and employees and that the workers should be made to realise that their interests can only be safeguarded by making the maximum contribution towards productivity. That the capitalist appropriates the major portion of the gains of increased productivity is irrelevant, and the behaviouralists do not assign any importance to objective material conditions and relations of production. They are only concerned with the manipulation of workers' perception through psychological methods. Emphasis on "similarity" of interests between workers and employers regardless of their material status and ownership of the means of production is the key-note of behavioural theories behind social sciences.⁴⁵

According to Marxists, individual consciousness is enmeshed in social consciousness.⁴⁶ An individual works in society and therefore belongs to a definite class, nation and social collective. Therefore, his own consciousness is not something that is closed or isolated but also embodies social (class, national etc) consciousness. As compared to individual consciousness, social consciousness reflects more deeply and more completely by assimilating what is common in individual consciousness. Social psychology is the aggregate of views, habits, feelings, moral features, emotions, illusions and delusions which arise in different classes, nations, social groups and professions under the impact of their immediate living and working conditions. A synthesis of ordinary and theoretical consciousness is public opinion, i.e., the opinion of people on specific facts of reality. In a class society, social consciousness acquires a class nature. The totality of political, legal, moral, artistic and other views and ideas of a certain class comprises its ideology. Social sciences which ignore this reality under the garb of ideological neutrality are in fact apologetics of the dominant value of the ruling classes.

As for economics, even non-Marxists like Gunnar Myrdal have underlined the unreality of the theory of free competition. In his view, what was regarded as an abstract assumption or as a tool of theoretical analysis of causal relations of facts became political desideratum. He maintains that the value theory is always implicit in the political results even where it has not figured explicitly among the premises. In his view, therefore, from a scientific point of view, nearly all terms are "value laden".⁴⁷ Elements of political doctrines are also introduced as

simple assertions where economic policy is discussed. For instance, in equilibrium, it is assumed that the price is the "right" one and that factors of production are put to the most economic uses. But, according to Myrdal, there are as many valuations as there are persons engaged in exchange. The bias is not so apparent in more scientific analysis of price formation and distribution. Myrdal feels that a reconstruction of the theory of price formation and distribution would be a prerequisite for a "technology of economics", for a scientific theory of how policy can serve concrete interests.⁴⁸

According to Myrdal, the real difficulty of construction of a technology of economics in this sense would be that we often take the existing institutional set-up for granted. By institutional set-up, he means a legal order and the customs, habits and conventions which are sanctioned or at least tolerated by the legal order. A purely theoretical analysis of price formation can and indeed always has abstracted from institutional changes. An enquiry into economic interests should therefore treat the whole institutional set-up as a variable.⁴⁹

Maurice Dobb has argued that no statement concerning the nature of economic system could remain "neutral". He has accused economists of "becoming increasingly obsessed with apologetics, and of increasingly tending to omit any treatment of basic social relationships and to deal only with the superficial aspect of market phenomena, to confine their thought within the limits of the 'fetishism of commodities' and to generalise about the laws of an exchange economy until in the end they were made to determine, rather than determined, by the system of production and production relations."⁵⁰

While referring to the Schumpeterian idea of "vision", Dobb has emphasised that "vision", i.e., "the complex shape of reality and of the nature of the problems confronting mankind in any historical situation is inevitably ideological". Ideology enters at the very ground floor, into the "preanalytical cognitive act" and with the necessary start of theory "with material provided by our vision of things". This vision is ideological almost by definition since it embodies the picture of things as we see them. The way in which we see things can hardly be distinguished from the way in which we wish to see them. But Schumpeter starts by denying that ideology is to be equated with "value judgements": an economist's value judgements often reveal his ideology but they are not his ideology.⁵¹ Hence he concludes that while "political economy" and "economic thought" generally must almost inevitably be ideologically conditioned, "economic analysis" can be treated as independent and objective—a hard core of formal techniques and instruments that are governed by supra-historical standards and rules to be discussed and assessed independently. This assertion of Schumpeter comes closer to the "box of tools" view of economic analysis as being purely instrumental, concerned with techniques capable of application to a variety of purposes and situations. As such,

it amounts to an unrealistic assertion that economic analysis has no interest in normative judgements—whether to clarify the problems of profit-making monopoly or those of the planners of a socialist economy. This conception of the role of “pure economists” has been furthered by the vogue of mathematical methods and forms of statements in economics. Dobb does not agree with this view.⁵² According to Dobb a purely formal structure is conceivable only if it is not addressed to economic problems. Otherwise economic statements cannot be independent of economic content or be supra-ideological. This is implied in Schumpeter’s “vision”. As Dobb puts it, “what is highly questionable is whether in economics or in any branch of social science, if one pays attention to the economic content of the theory as distinct from its analytical framework, any part of the theory can preserve the independence and neutrality claimed (and with some reasons) for the formal analysis itself. Ideology creeps in, in the choice of the problem, in the framing of the questions and in the collection of data as well as in choosing one analytical structure or model in preference to another. No examination of economic theory, still less historical examination of systems of theories, seems to be justified in denying or ignoring this relativity.”⁵³

Proceeding from these basic postulates, Dobb applies the Marxian approach to theories of value and distribution. To Marx, political economy and analysis of exchange value necessarily started from those socio-economic conditions that shaped the class relations of society. In the words of Marx, “In principle there is not exchange of products, but exchange of labours which compete in production. It is on the mode of exchange of productive forces that the mode of exchange of products depends.”⁵⁴ This runs counter to the formulations of the Austrian and marginalist schools. Similarly, distribution results from social institutions (e.g. property, ownership and social relations). In other words, social conditions and class relations are more fundamental than relation of exchange and marginal productivity. While concluding his discussion on the role of ideology, Dobb has acknowledged that both “relevance” (relation of formal structure to reality) and “technical achievement pure and simple” (analysis of formal structure *per se*) are important for economic theories, for “theory without practice is pointless” and “practice without theory is blind.”⁵⁵ This is equally true of all branches of social sciences.

The recent emphasis on “inter-disciplinary”, “multi-disciplinary” and “social sciences” approaches to branches of social sciences is an admission of the inability of the fragmented social science disciplines to cope with the growing crises in capitalist societies.⁵⁶ But insofar as the concepts and tools of analysis developed in individual disciplines are removed from social reality, grafting them together will not meet the needs of an integrated approach to the study of the laws of social development and activity. An honest search for a scientific approach

would inevitably lead one to Dialectical and Historical Materialism which constitutes the most comprehensive approach to social sciences.⁵⁷ Marxism is not a dogma but a growing social science rooted in social reality.

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BOOK REVIEW

ABRAHAM PAIS, 'SUBTLE IS THE LORD...' THE SCIENCE AND THE LIFE OF ALBERT EINSTEIN, Oxford University Press, 1982, p 552.

THE ATTEMPT to write a biography of an individual of the stature of Einstein, to explore the workings of that mind, is an arduous task. More so when the endeavour is not confined to an analysis of his scientific work but seeks to understand the age and traditions in which he worked, philosophised, loved music and literature and had "the courage to take a forthright stand on major social issues affecting mankind. Abraham Pais's biography of Einstein does full justice to the title, the Science and the Life of Einstein. Since Einstein's life and work is so closely intertwined with the frontier areas of physics in the first half of the twentieth century it reads like the history of physics of that period.

Living in tumultuous times, both for mankind and his intellectual pursuit, which witnessed two world wars, the first proletarian revolution, rise and defeat of fascism, and a revolution of unprecedented magnitude in the physical sciences which he himself heralded, Einstein's sensitivity and awareness of the implications of the advance of his discipline for mankind led to his being considered the master of the twentieth century intellect, a spokesman for human hope. The legendary status that he acquired in his own life time was not merely due to the great discoveries that he made in physics, but in the popular imagination, was linked to his unceasing quest for harmony in natural and social phenomena.

Einstein's scientific achievements are a text-book affair now. C P Snow said, "It is pretty safe to say that, so long as physics lasts, no one will hack out three major breakthroughs in one year." The three breakthroughs all came in the year 1905. The outburst of creativity in that year is reflected in six papers:

- (1) The light-quantum and the photo-electric effect, completed March 17. This paper, which led to his Nobel Prize in Physics, was produced before his Ph D thesis.
- (2) A new determination of molecular dimensions, completed April 30. This was his doctoral thesis, and was to become the most often quoted of his papers in modern literature.
- (3) Brownian motion, received May 11 (Annalen der Physik).
- (4) The first paper on special relativity, received June 30.

- (5) The second paper on special relativity, containing the $E=MC^2$ relation, received September 27.
- (6) A second paper on Brownian motion, received December 19.

The June 1905 paper on the electrodynamics of moving bodies consists of 10 sections after the first five of which the special theory of relativity is obtained in a finished form. Pais discusses the background of developments in physics of the period 1895-1905, the role of various scientists like Lorentz, Poincare, Fitzgerald and the status of the Michelson-Morey experiment and concludes: "Lorentz transformations had been written down. Simultaneity had been questioned. The velocity of light as a limiting velocity had been conjectured. But prior to 1905 there was no relativity theory" (p 128).

The relativity theory, based on two postulates, namely, that the laws of physics take the same form in all inertial systems and that the velocity of light is the same whether light be emitted by a body at rest or by a body in uniform motion showed that "space-time is not necessarily something to which one can ascribe a separate existence, independently of the actual objects of physical reality" (A E).

Of the three names linked with the theory of relativity, those of Lorentz, Poincare and Einstein, Pais has the following poignant and well documented comment:

"In 1905 Einstein and Poincare stated independently and almost simultaneously (within a matter of weeks) the group properties of Lorentz transformations and the addition theorem of velocities. Yet, both Lorentz and Poincare missed discovering special relativity; they were too deeply steeped in considerations of dynamics. Only Einstein saw the crucial new point; the dynamic ether must be abandoned in favour of a new kinematics based on two new postulates. Only he saw that the Lorentz transformations, and hence the Lorentz-Fitzgerald contraction, can be derived from kinematic arguments. Lorentz acknowledged this and developed a firm grasp of special relativity, but even after 1905 never quite gave up either the ether or his reservations concerning the velocity of light as an ultimate velocity. In all his life, Poincare never understood the basis of special relativity" (p 21).

Special Relativity led to new modes of philosophical reflection, though Pais does not consider it revolutionary in the sense in which quantum concepts are, for he rightly considers that relativity "turned Newtonian mechanics and classical chemistry into approximate sciences, not diminished but better defined in the process" (p 163).

In an interesting chapter titled "The Edge of History", Pais makes an incisive analysis of Einstein's relationship with and attitude to his contemporaries who were his precursors, Lorentz and Poincare. While Einstein considered Lorentz to be a most well rounded and harmonious personality, his attitude to Poincare is characterised by what may be termed petulance or professional envy(?). Pais's historical

account of creation, acceptance and resistance on the part of the giants of mathematical physics of that age is written without any undue adulation and seems to be backed by facts.

As regards the controversy concerning priority in the special theory which Whittaker attributes to Lorentz and Poincaré, Pais correctly dismisses this with the apt sentence that the "author's lack of physical insight matches his ignorance of the literature" (p 168). One must add however that Einstein did not view the development of the theory of relativity as a personal triumph. He characteristically viewed its development in a historical perspective, asserting that "it seems obvious that by 1905 it was ripe for discovery".

Pais discusses Einstein's epoch-making discovery in 1905 of the photo-electric effect according to which light is not merely emitted or absorbed discontinuously (which was shown by Planck in 1900) but actually consists of discrete, indivisible portions—light quanta known as photons. His later attitude to the development of the quantum theory, for which he provided the foundation stone, was summed up by him in 1951, "All these fifty years of pondering have not brought me any closer to answering the question, what are light quanta?"

His third major achievement of 1905 was the study of Brownian motion which secured general acceptance of the reality of molecules. The significance of this work Einstein located in the fact "that one sees directly under the microscope part of the heat energy in the form of mechanical energy" and that "all doubts vanished about the correctness of Boltzman's interpretation of the thermodynamic laws".

What is remarkable about Einstein's creativity of this period is the ease and élan with which he introduced new concepts which Lorentz, Poincaré, Mach and Ostwald, to name a few, found difficult to accept. For instance, the reality of the atomistic constitution of matter was conceded by Ostwald in 1908 and Mach was never convinced of it.

Einstein's work from 1908 to 1915 was mainly devoted to the working out of the general theory of relativity which incorporated the generalisation from invariance under uniform motion and invariance under general motion.

The scientific task that Einstein set himself in his later years was based on three desiderata, all of them vitally important to him: to unify gravitation and electro-magnetism, to derive quantum physics from an underlying causal theory, and to describe particles as singularity-free solutions of continuous fields.

The task of unification of forces that he set himself and which he pursued tenaciously with an unparalleled intellectual conviction, considering the absence of success in his own life time, is now widely recognised to be one of the important tasks in physics, perhaps the most important one. Electromagnetism has been joined not to gravitation but to weak interactions and the unification of gravitation to other

known fundamental forces remains as much a dream now as it was in Einstein's time.

Despite a large number of very important results that he achieved in a number of areas, "on his later scientific journey he was like a traveller who is often compelled to make many changes in his mode of transportation in order to reach his port of destination. He never arrived" (p 341).

Einstein's views (the fourth dimension, light has weight, space is warped) in the popular imagination were recognised as undermining the traditional foundation of human thought but were clearly not anarchic. They signified the replacement of old wisdom by a new order.

As an optimistic realist he maintained throughout his life a passionate concern with social justice and the preservation of world peace. "Pacifism and supranationalism were Einstein's two principal political ideals. In the 1920's he supported universal disarmament and a United Europe. After the Second World War, he advocated peaceful—and only peaceful—uses of atomic energy. That pacifism and disarmament were out of place in the years 1933 to 1945 was both deeply regrettable and obvious to him" (p 12). Under the threat to human civilisation from fascism, he let his name be associated with the proposal to develop atomic energy for military purposes. Yet almost the last act of his life, only a few days before he died, was to subscribe to an anti-war statement prepared by Bertrand Russell and subsequently signed by a number of eminent scientists.

In politics he was firmly committed, both emotionally and intellectually, to socialism and a controlled economy which prompts Pais to comment that in political orientation he may be called a leftist.

Pais, in a chapter entitled "The Suddenly Famous Doctor Einstein", attempts to unravel the course of events leading to the birth of "the legend of Einstein". From the racy style, the details from newspaper clippings to the proceedings of scientific societies and the perceptive reactions of various actors in the drama, the chapter reads like a crime thriller. Pais places "the birth of the legend" with the precision of a detective, on November 7, 1919, because a day prior to this date the confirmation of the bending of light according to Einstein's theory of gravitation (the postulation of the curvature of space) had been obtained by an English expedition. Pais observes that "*The New York Times* index contains no mention of him until November 9, 1919. From that day until his death, not one single year passed without his name appearing in that paper, often in relation to science, more often in relation to other issues. Thus the birth of the Einstein legend can be pinpointed at November 7, 1919, when the London *Times* broke the news" (p 309).

The science and the social concern that Einstein professed may provide the necessary reasons to explain the legendary status that he acquired in his life time and continued to hold till his death. But I

think that another reason for his almost mythical stature, cutting across the ideological divide, lay in his being able to fulfil what Pais calls "two profound needs in man, the need to know, and the need not to know but to believe".

While he professed spontaneously a materialist view of the world and had an intuitively dialectical approach to the unfolding of reality, Einstein's views remained ambivalent in identifying the source of his convictions of the materiality and the infinite possibility of knowing the world. Thus for his convictions of the materiality and knowability of the world, he is championed by the materialists and progressives and for the ambiguity in identifying the source in the "need to believe", he is revered by the idealists of various hues.

Let me elaborate this a little further. Einstein, a product of his time, was attracted to the study of philosophy because of his dissatisfaction with the methods of classical physics and the mechanistic methodology that dominated the natural science of the 18th and 19th centuries. He came to be deeply interested in the epistemological question of the relationship between the rational and empirical in cognition. Dissatisfied with the rationalist position of considering the source of all knowledge of the external world to be pure thinking, he examined tenets proposed by Berkeley, Hume and Kant. He found Berkeley's position of *esse est percipi* 'untenable', criticised Hume's agnosticism and said the following of Kant's apriorism: "I am convinced that the philosophers have had a harmful effect upon the progress of scientific thinking in removing certain fundamental concepts from the domain of empiricism, where they are under our control, to the intangible heights of the *a priori*. This is particularly true of our concepts of space and time, which physicists have obliged by the facts to bring down from the olympus of the *a priori* in order to adjust them and put them in a serviceable condition."

Much is written about Mach's influence on Einstein and sometimes he is even portrayed as a Machian. Here we must grasp that Einstein was attracted by certain natural-scientific approaches of Mach such as his emphasis on the relativity of all motion, his scientific methodology which broke away from the 19th century dogmatism of physics and the conjecture concerning the dynamic origin of inertia but of his philosophy he categorically stated in his *Autobiographical Notes*, "Mach's epistemological position—today appears to me to be essentially untenable."

But what was Einstein's philosophy? He, of course, did not work out a system but even a cursory reading of his works which are strewn with philosophical pronouncements would show his unmitigated conviction in the existence of an objective world and its limitless knowability.

He observed, "The belief in an external world independent of the perceiving subject is the basis of natural science...sense perception only gives information of this external world." And, further, "Physics is an attempt conceptually to grasp reality as it is, independently of its being

observed."

In relation to the knowability of the external world, Einstein was categorical, "The basis of all scientific work is the conviction that the world is an ordered and comprehensible entity." So strong was this conviction and the inexhaustible nature of this process that he could say of his own theory of general relativity: "But I do not doubt that the day will come when that description too (his own) will have to yield to another one, for reasons which at present we do not yet surmise. I believe that this process of deepening the theory has no limits."

The significance of such a forthright position has to be viewed in the context of, on the one hand, the idealist interpretations given to the concepts of quantum physics by a majority of physicists of his own time to which he remained totally opposed till the very end, and, on the other, the irrationalist positions that philosophers in the pre-fascist period were propounding, particularly in his native country.

The decades prior to the war witnessed an unprecedented crisis of theory. Given the fact that reality is far richer than any theory, there arise periods in the history of human thought when the pace of the unfolding of reality, both social and natural, cannot be grasped within the given conceptions and therefore the lag between objective reality and theory gets widened. In times such as these, great possibilities exist for irrationalism to absolutise this lag and convert it into a retrograde movement by mystifying it. Einstein's greatness and to a great measure his popularity consisted in standing firmly against this current of irrationality.

At the same time, as mentioned earlier, there is in Einstein an ambiguity which arises both from terminological factors as well as the fact of not being a conscious modern materialist. He asserted, "To the sphere of religion belongs the faith that the regulations valid for the world of existence are rational; that is, it is comprehensible to reason. I cannot conceive of a genuine scientist without that profound faith. The situation may be expressed by an image: science without religion is lame, religion without science is blind." Any number of similar assertions taken in isolation, have been used by idealist philosophers to buttress their philosophical viewpoint.

But the fact remains that despite this ambiguity which makes him dear to the idealistically inclined theorists, Einstein remained a spontaneous materialist and a intuitive dialectician. On more than one occasion he explained the meaning of the term religiosity. Talking of the deep and wonderful experience of the mysteriousness of the cosmic structure, he said, "I content myself with making amazing conjectures about these secrets and humbly try to create a far-from-full mental picture of the perfect structure that exists." Talking of the ability to discover and conceptualise the structure of the universe, he wrote, this ability "to fathom that element—unfathomable for human intellect and hidden under immediate experiences—whose beauty and perfection

reach man only in the shape of a faint indirect echo is precisely religiosity. In *this* sense I am religious. The cosmic religious experience ... cannot lead to a definite conception of God or to a theology." He gave the name "cosmic religious feeling" to his deep conviction in the "rationality of the universe".

Henry Le Roy Finch, in *Conversation with Einstein*, summed up Einstein's religion as "Truth, *independent of man*, independent of consciousness, independent of sense experience, independent of morality—this was Einstein's religion."

For Einstein "the need to know" and the 'need to believe' were not counterposed. He viewed them as complementary in the sense that the 'need to believe' always provided greater impetus for 'need to know'.

It is this deep conviction that led Einstein to adopt the attitude that he did to the development of quantum theory—it was not a theory of principle. Recognising the success of the theory he yet held to a belief "in the possibility of giving a model of reality which shall represent events themselves and not merely the probability of their occurrence."

Pais has worked on this monumental biography of Einstein with tremendous erudition and sensibility. It is a delight to read the book with its details, personal and scientific.

In our turbulent times when a nuclear holocaust is a distinct possibility and more than ever before irrationalism and anarchy of thought have become a fashionable trend, reading about a man who not only by his scientific endeavour but also by his human concerns showed tremendous courage in upholding the ideals of rationality, peace and the progress of human cognition and civilisation, is a rewarding and reinforcing experience.

RAJENDRA PRASAD

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130

Sri Lanka's 'New' Economic Policy
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CONTENTS

<i>Editorial Note</i>	1
<i>Sri Lanka's "New" Economic Policy and Agriculture</i> — N Shanmugaratnam	3
<i>Land, Labour and Credit Relations in a Peasant Movement Belt</i> — Manabendu Chattopadhyay — Ruma Bhattacharyya	36
<i>Problems of Rural Development in "Green Revolution" Areas</i> — Satya Deva	52

REPORT

<i>Energy and Power: Report on a Seminar</i> — A D Damodaran	60
---	----

BOOK REVIEWS

<i>Green Revolution and the Small Peasant</i> — Satish Deshpande	65
<i>Rural Unrest in India</i> — Ashis Banerjee	69

Articles, report and reviews express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

HISTORICALLY, the thrust of metropolitan capitalism into the pre-capitalist economies of the Third World led to a process of pauperisation, rather than proletarianisation, of the peasantry. Unlike in the metropolitan countries themselves, where peasants and petty producers, dispossessed of their means of production by spreading commodity production as well as by such direct methods of coercion as the enclosure movement, were drawn in as proletarians for burgeoning capitalism in the towns as well as in the countryside, the constraints imposed upon capitalist development in the colonies, semi-colonies and the dependencies in the Third World implied that the dispossessed peasants and artisans lingered on in the rural areas as a vast pauperised mass, an army of underemployed landless labourers, rack-rented tenantry and sharecroppers, and marginal peasants with "one foot in ruin". Pauperisation, which does not necessarily involve proletarianisation, is thus the resultant of a certain mode of integration of the Third World economies into the world capitalist system. As long as this mode of integration continues in its essence, notwithstanding a certain amount of changes and modifications, this specific process of pauperisation too would continue.

The lead article in the current number of *Social Scientist*, which is devoted to agrarian issues, provides a striking illustration of this proposition. The Sri Lankan government, for electoral reasons, has undertaken large resettlement projects for the landless. But the pauperised peasantry, after being so "uplifted" from its pauperised state, has once again found itself enmeshed in a fresh round of pauperisation. Thus a lasting solution to the problem of "landlessness" is not the mere possession of land; it requires an all-round development of productive forces, which capitalism in the Third World countries is incapable of achieving even when political independence has been attained. The article by N Shannmugaratnam not only raises important theoretical questions of this kind but does so in the context of examining the prospects of World Bank-style "liberalisation" ushered in by the

U N P government of Jayawardene in Sri Lanka. "Liberalisation" is advocated in World Bank literature as paving the way for export-led growth. But in Sri Lanka, while the export achievements of the manufacturing sector have been quite unremarkable, the plantation sector, traditionally the main exchange earner, has entered into a protracted crisis of stagnant output, meagre investment and stagnant labour productivity, which, in the context of some rise in wages from the earlier appallingly low level in this sector, has meant declining profit-margins. And as far as the conventional agricultural sector is concerned, its use as an export base is limited *inter alia* by the constraint placed upon agricultural expansion by this very fact of a vast mass of pauperised peasantry.

In arguing that "liberalisation" *a la* World Bank offers little prospects of a vigorous capitalist development in Sri Lanka, the author gives a detailed picture of the contemporary agrarian scene there, which should be of interest to Indian readers.

The article by Manabendu Chattopadhyay and Ruma Bhattacharyya utilises data collected in the course of a field survey in North Bengal to test the proposition advanced by several authors about the interlinkage between the land, labour and credit markets. This proposition asserts that the landlord faces his tenants/labourers in several guises, as landlord/employer, as usurer and so on, i e, across several different markets, so that looking at any single market in isolation can be misleading; the dynamics (or the lack of it) of the rural structure can be explored only by looking at the set of "interlinked markets" (a somewhat misleading formulation this, since the phenomenon it refers to is really the coexistence of diverse and interrelated modes of exploitation by the same exploiting agency). The field study however finds that the landowner rarely extends credit to his labourers, and only selectively to his tenants; in general he does not act as a usurer in this particular region. The authors conclude that it is not interlinked markets which characterise this region, but selective credit links with individual tenants. The article provides interesting information about a particular region, which should be kept in mind in building up macro conceptions of the agrarian economy. Finally, the article by Satya Deva, apart from its general discussion of agrarian change in India, and especially in Punjab and Haryana, draws pointed attention to World Bank involvement in agriculture in this region.

We also publish a report on a seminar on the power sector which was held recently in Kerala. The seminar, one of whose notable features was the participation of workers from the power sector, covered a wide range of issues and discussed fairly comprehensively the maladies which afflict this vital sector. We hope the readers would find the brief summaries of some of the papers contained in the report useful and informative.

Sri Lanka's "New" Economic Policy and Agriculture

THE PRESENT GOVERNMENT of the United National Party (UNP) swept to power in 1977 with the promise of putting Sri Lanka's economy on a new course of development. Its election campaign was based on, among others, a manifesto which offered a "new" model of economic development, apparently inspired by the success stories of the Newly Industrializing Countries (NIC's) of South-East Asia. However, the UNP strategy—as admitted by the government itself—was more directly inspired by the prescriptions of the World Bank and the IMF. It would be wrong to think that these two agencies of international capital forced the strategy on an unwilling Sri Lanka government. The choice was primarily the responsibility of the latter which was motivated by the interests of the dominant domestic classes.

In a word, the UNP approach to Sri Lanka's economic development was termed a "liberalization strategy". An outstanding feature of this strategy was its promise of opening up new avenues of accumulation for the domestic bourgeoisie and its allies with the assistance of international aid and the collaboration of transnational corporations (TNC's) and other sources of foreign investment. The UNP victory in 1977 signalled a more active role to the state to promote and safeguard the private sector. The state was to play an important function in channelling funds secured as foreign aid to the private sector, thereby enhancing the privatization of capital. In order to fully appreciate the shift in the role of the state it is necessary to recall certain antecedents of the political change of 1977.

Sri Lanka's private sector dominated by a mercantile bourgeoisie felt severely constrained by certain policies and actions of the 1970-1977 government. The SLFP-dominated United Front government pursued a policy of statization of capital through nationalization and by creating new state ventures with limited foreign aid. The state was used by the politically influential petty bourgeoisie and its middle class ideologues in the governing alliance to further their own class interests by strengthening and expanding the state sector which offered them access to power and finance via managerial positions. The United Front adopted

*Currently at the Institute of Developing Economies, Tokyo

an ideology of "socialism" to legitimize the expansion of the state sector in an "indiscriminate" manner. Such a role of the state, coupled with import controls and quotas, severely restricted the economic space for the private business sector. The bourgeoisie as a class was to a great extent alienated from the state which in its view should have served as an instrument to promote and legitimize private accumulation and private property.

But it was not only the weak and compradore-dominated bourgeoisie that felt dissatisfied with the performance of the United Front government. The broad masses also felt disappointed due to the economic hardships that kept consistently growing. This popular discontent paved the way for the return of the UNP to power with a landslide victory at the polls. Thus the liberalization policy, stated in very general terms in the manifesto of the UNP, got the "approval" of the electorate.

Basic Elements of the "Liberalization" Package

The basic elements of the 1977 strategy may be summed up as follows:

1. Higher growth rate of the economy through incentives to the private sector and minimal state intervention in the domestic commodity and financial markets and in international trade. Import liberalization, uniform exchange rates, decontrol of prices and an increased interest rate were among the first measures taken towards these ends. The government also pledged itself in principle to the privatization of state corporations in keeping with the spirit of the new strategy.

2. Higher levels of public investment in infrastructure development and rehabilitation to promote private investment in productive ventures. These higher levels of state investment were to be achieved by reducing government consumption in order to increase public savings for investment and with generous foreign aid in the form of grants and loans.

3. Export promotion through unification (and devaluation) of the exchange rate and special incentives to attract export oriented foreign investments. The incentives included tax holidays and facilities offered by the Free Trade Zones (Industrial Processing Zones—IPZ).

In 1982, the sixth year of the present government, the Ministry of Finance and Planning, reaffirming the government's faith in its 1977 strategy, stated that "this policy package was designed to move the economy away from a long period of rigid government controls to one in which market forces and the private sector would play an increasing role".¹

This paper is concerned with the role of the agricultural sector in the new strategy. What place has been assigned to this sector in an economic strategy which is also labelled 'export oriented'? How have the policies affected agriculture and what are the major issues raised at

the level of the agrarian structure? These are the main questions that will be discussed here.

Since 1977 the government has emphasized the revitalization of the plantation sector and self-sufficiency in rice. In keeping with the growth objective the Minister of Finance announced in his first budget speech in November 1977 that the private sector would be granted several incentives to entice it into agricultural ventures, particularly food production, horticulture and animal husbandry. The incentives included a five-year tax holiday. The latest budget (November 1983) has offered further incentives to promote non-traditional exports, livestock, sugar production and fisheries. Land alienation policy has undergone modifications to accommodate large and medium scale agro-industrial ventures and contract farming operations and Agricultural Promotion Zones (APZ's). The emphasis on export oriented agribusiness has become even greater at present due to the disillusionment with export oriented manufacturing which has not shown much promise. Moreover, the World Bank, a principal guiding agency of Sri Lanka's economic policies, has brought home the message that "a key feature of development experience" is the "strong association between agricultural advance and overall economic growth" in its 1982 World Development report.²

In the sections that follow it is proposed to present first an outline of the government's agricultural policy, followed by an analysis of the performance in terms of growth and a discussion on the contradictions that have sharpened and surfaced in the agrarian structure and their implications for the larger social formation.

The Strategy for Agriculture

In keeping with the spirit of the overall economic policy the strategy for agricultural development included the following major components: (i) a programme of public investment in land and irrigation infrastructure and land settlement; (ii) a programme for the rehabilitation of the export tree crops sector (plantations and small holdings), including "development subsidies" for replanting and fertilizers; (iii) liberalization of internal trade of farm products and changes in price policy in accordance with it; (iv) replacement of the Agricultural Productivity Law and the Agricultural Lands Law by the Agrarian Services Law as a means to take greater administrative control of the peasant sector; (v) changes in land policy to enable the flow of private capital and enterprise into agriculture and agro-based industries to produce for local and foreign markets; (vi) involvement of the private sector in the management of land settlement projects in the Mahaweli areas with a view to improve overall project performance in terms of output and efficiency; (vii) special incentives like tax holidays for non-traditional exports and processing of sugar, milk products, livestock production and fisheries.

Agriculture has been receiving a major slice of the public investment commitments since 1977. According to *Public Investment 1980-84*, the allocations to the agricultural sector amounted to Rs 29.65 billion or 47 per cent of the total budgetary provisions.³ In addition to this there were also extra-budgetary resources from cess and other funds allocated for the rehabilitation of the plantation crops. Although these allocations were subsequently revised, agricultural sector continued to receive a major share of public investment. The revised allocations for 1982-1986 amount to Rs 47 billion or 48 per cent of the total.⁴

More than 60 per cent of the public investment was planned to be met by foreign assistance.⁵ The centrepiece of public investment since 1978 is the Accelerated Mahaweli Programme. The government's own feasibility studies for this project were found to be inadequate by donor agencies abroad. These studies had not only underestimated the costs but overestimated the available organizational capacity for implementation. They were revised on the advice of the World Bank and on the basis of a report prepared by NEDECO (1979). The allocation for the Accelerated Mahaweli Programme and other agricultural projects according to the annually rolling Public Investment Programme are shown in Table I. Apart from these investment programmes there are also the Integrated Rural Development Projects (IRDP) which are funded by foreign agencies. At present seven districts are covered by IRDP's. Another two districts were to be brought under IRDP's in 1983 according to the annual report (1982) of the

TABLE I
ALLOCATION OF GOVERNMENT CAPITAL EXPENDITURE FOR AGRICULTURE
(Rs. MILLION)

	1980-1984		1982-1986	
	Total	Foreign aid	Total	Foreign aid
Agriculture	29647.0	14968.3	46980	21023
i. Accelerated Mahaweli*	18207.0	11030.0	30629	15381
ii. Other irrigation	4109.1	1050.0	4324	1175
iii. Field crops and minor export crops	2994.0	1450.0	4709	1775
iv. Forestry and land settlement	1278.0	142.4	1319	397
v. Plantations	1462.7	956.9	4238	1704
vi. Animal husbandry	398.4	146.8	859	316
vii. Fisheries	1197.8	141.4	902	275
Agriculture as % of total Budget	47.0		48.1	
Mahaweli as % of total Agriculture	61.4		65.0	
Foreign aid as % of total Agriculture	50.5		44.7	

*Cumulative Expenditure on Mahaweli Programme as per end of 1982—Rs 13,329 million.

SOURCES: Ministry of Finance and Planning, *Public Investment 1980-84; 1982-86*; Central Bank of Ceylon Annual Report, 1982.

Central Bank of Ceylon. The IRDP's are also essentially infrastructure development projects.

As regards the plantation sector, Master Plans for rehabilitation of tea and rubber were drawn up. For tea the programme included replanting, infilling and factory modernization. The small holdings sector was also incorporated into the programme as far as possible. Rubber cultivation has also come under a similar programme. The tree crops sector (tea, rubber, coconut) has been granted replanting and fertilizer subsidies. The replanting subsidy and the investment programme for the state plantation sector are funded by the World Bank and the Asian Development Bank.⁶

Evidently the investment programme is capital intensive and involves long gestation periods. The magnitude of public investment is unprecedented and its implementation is heavily dependent on the private sector. The major projects have been farmed out to private contractors and sub-contractors, foreign and local. The government has also sought the assistance of private consultants. The state bureaucracy coordinates and oversees the progress of implementation. The state, as mentioned already, has come to play an active role in promoting private accumulation through large scale public investment programmes using the mechanism of contracting and subcontracting.

The acceleration of the Mahaweli Programme has also helped the government to strengthen its political base among the peasantry. The programme provides for the resettlement of thousands of landless peasant families on newly developed land and the improvement of existing irrigation facilities for vast areas in the dry zone. Apart from the popular appeal of such a programme to the peasantry as a whole, it opens up fresh grounds for the growth of rich farmers through internal differentiation. These rich farmers, as shown by experience, would also include people from outside the ranks of "official" settlers. The Accelerated Mahaweli Programme meets the aspirations of this category of enterprising men by formally recognising their role through the necessary policy modifications.

The investment programme, however, has a broader economic objective as far as agriculture is concerned. It is aimed at accelerating agronomic intensification of production, crop diversification and overall project efficiency. The political factors that motivate the resettlement of landless peasants will continue to have their priority but settlement management has become a serious business. Thus new para-statal have been created for the express purpose of more intensive management of peasant settlements.⁷ There is also a growing presence of the private sector in project management.⁸ Legislative changes were introduced to enable the state to supervise more strictly the entire peasant sector. The Agrarian Services Act No. 58, introduced in late 1979, replaced the Agricultural Productivity Law of 1972 and the Agricultural Lands Law of 1973. This new legislation has provisions to enforce productivity

norms and common cropping calendars among peasant producers. Penalties for violations by farmers are also written into the law, and these include dispossession. Agrarian Services Centres—which are comparable in many ways to the Agricultural Productivity Centres of the previous regime—have been set up under the Agrarian Services Act to provide banking facilities to the rural sector. Institutional credit is strictly geared for the creditworthy farmers leaving the bulk of the cultivators at the mercy of private sources.

In keeping with the philosophy of giving primacy to the market forces the state has assumed the role of only “market regulation” and “price stabilization”. The agencies set up in the past for the purposes of purchasing and distribution of paddy and other agricultural products have been reoriented to suit the new policy. Instead of the Guaranteed Price Scheme (GPS) for paddy, the government now offers a floor price as the lower limit and sets a ceiling price as the upper limit. The ceiling price is the sale price of rice from government stocks. The market price prevails between these two limits. The same policy has been adopted for several subsidiary food crops too. For the export crops, state intervention is by way of revisions of the export duty and the minimum price for *ad valorem* tax.⁹

The government operates a fertilizer subsidy scheme. The subsidy was increased from 50 per cent in 1977 to 85 per cent for urea, 55 per cent for sulphate of ammonia and 75 per cent for others in 1979. With the escalation of import prices of fertilizers the subsidy was subsequently revised to keep the burden on the government within limits.¹⁰ In principle, the government seems to believe that whenever such revisions of fertilizer prices pushed up costs for the producers, it can regulate output prices to compensate.

The government has been endeavouring to attract foreign and local private capital into the dry zone where the Accelerated Mahaweli Programme is under way. In June 1983 the Mahaweli ministry announced that about 14,000 hectares of land was available for “non-peasants” of “the higher income group” for crops like cotton, sugarcane, soya bean and vegetables.¹¹ It was also reported that the Minister “plans to introduce technologically oriented non-peasant groups of farmers into the Mahaweli Development area to supplement the agricultural production of peasant farmers.”¹² The principles of land alienation to non-peasant entrepreneurs include the following:¹³ (i) For agro-based industries strictly on the investment capacity of the applicant subject to ceilings stipulated in the Land Reform Law of 1972; (ii) a maximum of 10.37 Ha (25 acres) of upland for non-agroindustrial crops; (iii) land grant to be based on a principle of long term lease, and the lessee must pay a part of the capital cost; (iv) payment of water rates.

The main constituents of the strategy for agricultural development have been outlined above. A few more points may be added to make the picture more complete. The nationalized plantation sector has been

undergoing a series of administrative changes, invariably ad hoc. At present there are two national level corporations — the Sri Lanka State Plantation Corporation (SLSPC) and the Janatha Estate Development Board (JEDB). These two have under them several regional boards. There is a Ministry of Plantation under the President and in addition there are the Ministries of State Plantations and Janatha Estate Development. There is also a separate Ministry of Coconut Industries. This proliferation of regional and central level institutions is most striking and confusing. At present agricultural development is a direct concern of at least eight ministries and more than ten corporations.

The various ministries, corporations and departments connected with agriculture, including animal husbandry, have their own programmes for the promotion of technological diffusion and agronomic intensification. This has been the case since the early 1960's but the pressure from above for intensification has increased after 1977. The liberalization policy has helped to increase the import of tractors and agricultural equipments.

In sum, looking at the main ingredients, the agricultural policy seems impressive from a developmentalist angle. The most impressive is the investment programme which promises to accelerate the modernization of agriculture and introduce new agro-industrial enterprises. The growing emphasis on export oriented agricultural diversification is—as already mentioned—in part an outcome of the failure of export oriented manufacturing to show a diversified and steady growth. Special emphasis is now being given to quicker yielding new agricultural ventures due to the continuous stagnation of the traditional export crops the rehabilitation of which involves long gestation. In his latest budget proposals (November 1983) the Minister of Finance has strongly stressed the importance of quick yielding production oriented projects with export and import-substitution orientation and the proper maintenance of the country's capital stock. The government does not propose to start any new investment programmes in 1984. The accent is now on intensification of the use of land, water and other resources; efficient management has become a key word in the development campaign of the government.

The Growth Performance of the Agricultural Sector

The record of agricultural growth since 1977 is better than that of the previous seven years. However, the pattern is remarkably uneven as shown in Table II. An examination of the main sub-sectors of agriculture for the 1977-1982 period would show that the major contributions to growth have been paddy, coconut and 'others', a category which includes subsidiary food crops, minor export crops and livestock. When the general trend of output is analysed in terms of indices for the past twelve years since 1970 the tree crops sector's performance is very disappointing. Tea and rubber have not shown any convincing signs

of recovery. Their output has exceeded the 1970 mark for the first time only in 1982.

TABLE II
GROWTH RATES OF AGRICULTURE AND ITS MAIN COMPONENTS 1975-1982
(AT CONSTANT 1970 FACTOR COST PRICES)

	1975	1976	1977	1978	1979	1980	1981	1982	Average 1978-82
1 Agriculture, hunting & fishery	-2.4	1.2	10.4	5.4	2.0	3.1	6.9	2.9	4.06
2 Agriculture	-2.5	1.0	11.4	5.0	1.5	2.6	6.6	2.6	3.66
3 Tea	4.9	-8.2	6.1	-4.3	3.5	-7.5	10.0	-10.7	-1.80
4 Rubber	17.6	2.2	-8.2	5.6	-0.8	-13.0	-6.7	0.5	-2.90
5 Coconut	8.1	-12.8	-7.0	15.4	6.3	-11.0	11.5	11.3	6.70
6 Paddy	-30.0	9.4	37.5	12.7	1.4	11.9	3.6	-3.3	5.26
7 Others	6.0	4.1	9.2	0.5	0.2	4.6	8.0	6.7	4.00

SOURCE: Central Bank of Ceylon Annual Report 1982.

Individual growth rates of the main sub-sectors given in Table II reveal the pattern of unevenness more clearly. On the average tea and rubber have registered negative growth rates for 1978-1982.¹⁴ Coconut has shown signs of recovery towards pre-1970 levels. Paddy regained and surpassed the 1970 (1.616m tonnes) mark in 1977 and has been recording output figures of over two million tonnes although it has recorded a negative growth for 1982. Subsidiary food crops gained some fillip during the 1970-1977 period due to import restrictions which offered a protected local market with inflated prices for onions and chillies. Both these crops showed a drop in cultivated area and output for the two years following the liberalization of imports since 1977. They seem to have picked up again from 1980.¹⁵

A general feature that strikes any observer of the growth performance of the different sub-sectors of agriculture is that output increases have taken place remarkably in crops cultivated largely, as in coconut and almost exclusively as in paddy and 'others', by small holders. It may be too hasty to generalize on this basis alone that the peasant sector lends itself more easily to growth oriented policies than the plantation sector. Nevertheless, the apparent contrast between the protracted stagnation of the plantation sector as exemplified by tea and the relatively more dynamic physical progress in terms of national output and yield per hectare in a peasant crop like paddy calls for some explanation. This point will be taken up in the next section devoted to contradictions of the agrarian structure. A look at some more physical indicators will be helpful in understanding the problems and peculiarities of the different components of the agricultural sector.

The consistently poor performance of the plantation sector is a manifestation of the cumulative effects of several factors that have

operated for years. The agronomic preconditions to ensure economic efficiency over time with tree crops are the maintenance of an optimal age composition of the plantations and the judicious application of yield increasing inputs. The progress of replanting has been extremely poor in the tea sector as shown in Table III. For the past twelve years

TABLE III
CUMULATIVE PERCENTAGE OF TOTAL EXTENT REPLANTED—
TEA AND RUBBER, 1970-1982

<i>Year</i>	<i>Tea</i>	<i>Rubber</i>
1970	6.74	50.34
1973	9.90	55.02
1976	11.89	59.23
1979	13.94	63.82
1981	15.88	75.77*
1982	16.88	79.04

*Drop in total area under rubber by 9.55%.

SOURCE: Central Bank of Ceylon, Review of the Economy and Annual Reports.

the average annual rate of progress has been less than 1 per cent. This has not shown any improvement during the past six years. With rubber, the progress of uprooting old plantations has outpaced replanting, leading to a drastic drop in area under rubber and thereby giving the impression of a higher replanting rate in Table III.

The extensive phase of tree crop production had long come to an end. In fact the areas under tea and rubber have been declining over the past several years. In such a situation an increase in output is entirely dependent on the yield factor. The close relationship between productivity of land as reflected by yield per hectare and total production in the case of tea and rubber is quite striking. In the case of rubber the area under tapping has been declining without any substantial compensating effect in terms of productivity of the existing land. Rubber yield has been declining even faster than the uprooting of old plantations. On the whole, tea and rubber plantations are beset with the serious problem of senility, and the poor rate of replanting does not offer any hope of a systematic and early recovery. Tea yield is also depressed by poor bush densities in many plantations. Infilling, like replanting, has been very slow.

Another key indicator of agronomic efficiency is the application of fertilizer at required rates and at the correct times. Fertilizer application to the three main export crops has remained below the recommended levels. Table IV shows that the tree crops sector has not been able to maintain a growing or steady level of fertilizer input. Thus, even the short-run prospects of increasing yield by higher doses of nutrients as prescribed by the respective research institutes have not been realized.¹⁶ The low level of fertilizer application for the tree

TABLE IV
FERTILIZER SALES BY CROP 1970-1982 (x1000 METRIC TONS).

Year	Tea	Rubber	Coconut	Paddy	Others	Total
1970-73 (average)	102 (31.5)	16 (5.0)	52 (16.0)	99 (30.5)	55 (17)	324 (100)
1974-76 (, ,)	99 (38.7)	12 (4.4)	32 (12.5)	72 (28.0)	42 (16.4)	256 (100)
1977	80 (27.0)	12 (4.0)	29 (10.0)	122 (41.0)	54 (18)	298 (100)
1978	116 (30.5)	21 (5.8)	43 (11.0)	136 (33.7)	65 (17)	380 (100)
1979	105 (28.0)	23 (6.6)	50 (13.4)	130 (35.0)	64 (17)	372 (100)
1980	110 (25.0)	22 (5.0)	56 (13.0)	190 (43.0)	62 (14)	440 (100)
1981	103 (28.0)	17 (5.0)	38 (10.0)	156 (43.0)	53 (14)	365 (100)
1982*	103 (27.0)	16 (4.0)	30 (8.0)	167 (44.0)	63 (17)	379 (100)

*Provisional

NOTE: Figures rounded off

SOURCE: Central Bank of Ceylon, Various Annual Reports.

crops has been generally attributed to the increasing costs of fertilizers even with the subsidy. Apart from the high price of fertilizer it would seem that there are other factors related to plantation management and the overall structural inefficiency of the system. The disincentive created by the higher prices of fertilizers seems to be relatively lower for tea and rubber than for paddy as shown by the fertilizer-product price ratios given below. The price of NPK mixture issued by the Fertilizer Corporation has been used for the calculation in the absence of information on retail prices of fertilizers. The ratios can be regarded as only crude indicators of the relative movements of prices of fertilizer and the product. Although the fertilizer-product price ratio for paddy is higher than that for tea and rubber it has displaced tea as the single biggest consumer of fertilizer. This raises the question whether higher prices were the only factor that worked against increased fertilizer application in the plantation sector. The fertilizer-product price ratio for tea, rubber and paddy respectively was as follows: 1978—0.13, 0.22, 0.6; 1979—0.11, 0.14, 0.43; 1980—0.12, 0.20, 0.70; 1981—0.16, 0.28, 0.83 (Source: Central Bank of Ceylon, *Review of the Economy 1979, 1981*).

One of the most critical developments in the plantation sector since 1977 is the growth of wages for labour which were kept virtually frozen for many decades. Tea production has remained a labour intensive venture throughout and historically wages constituted the major cost component. This has become even bigger with the granting of wage increases which were long overdue. The wage increases were necessitated by two factors. One is the long-standing demand of the plantation workers for more reasonable wages. The other was the need to attract village labour for estate work in certain regions which suffered from labour shortage created by the repatriation of Tamil workers to India. Labour charges amount to more than 55 per cent of the cost of production of tea.¹⁷

If the cost of production is an index of efficiency, the plantation sector is grossly inefficient (refer Table V) as it has not been able to increase productivity of labour to levels that can ensure good profit margins. At the present level of production technology in the field, labour productivity can be increased only with the aid of agronomic intensification (i.e. use of HYV and chemical inputs) and more intense

TABLE V
COST OF PRODUCTION/KG TEA & RUBBER

	C O P Rs	Average price Colombo net Rs	Producer margin Rs
TEA			
1970	3.35	3.59	0.24
1971	3.39	3.99	0.60
1972	3.52	4.18	0.66
1973	4.47	4.23	-0.24
1974	5.55	5.88	0.33
1975	6.70	6.15	-0.55
1976	7.42	7.80	0.38
1977	8.19	13.15	4.96
1978	11.89	11.55	-0.34
1979	13.43	11.14	-2.29
1980	18.71	17.73	-0.98
1981	18.79	17.71	-1.08
1982	21.97	22.52	0.55
RUBBER			
1970	1.52	2.00	0.48
1971	1.67	1.74	0.07
1972	1.65	1.78	0.13
1973	1.87	2.57	0.70
1974	2.46	2.82	0.36
1975	2.75	2.49	-0.26
1976	3.28	4.34	1.06
1977	3.74	4.51	0.77
1978	4.85	6.92	2.07
1979	6.86	9.15	2.29
1980	8.20	10.62	2.42
1981	8.92	10.04	1.12
1982	9.66	10.18	0.52

SOURCE: Central Bank of Ceylon Annual Reports.

labour control. The former is constrained by factors already stated. The latter method has its physical limits as no mechanization is feasible, and given the agronomic deficiencies the scope is highly restricted. It has been reported by the Central Bank (1982) that in recent years many estates have shown negative producer margins as a result of wage increases. The wage increases have indeed exploded a long standing popular myth that the plantation system was a model of efficiency.

This "efficiency" was primarily dependent on the structure of labour control and low wages. Once wages started moving upwards

due to inevitable causes the most crucial prop of 'efficiency' began to give way. The extremely poor performance of some plantations as an immediate result of higher wages also exposed the long term managerial neglect of the agronomic conditions. The performance of the paddy sector has shown a close relationship with annual rainfall and the availability of supplementary irrigation facilities. An analysis of long term statistics (1870-1980) has shown that during the last three decades while yield and total production have increased considerably, fluctuations due to drought or very low rainfall are more pronounced than in the pre-modernization period.¹⁸ This is due to the greater susceptibility of the improved varieties to drought. Dry zone settlement schemes have become the major source of rice supply in Sri Lanka. Almost 75 per cent of the area sown in Maha and 58 per cent in Yala are in the dry zone. Dry zone's bimodal pattern and uneven distribution of rainfall within seasons have a direct bearing on crop performance. Development of the irrigation infrastructure has been a major basis of agronomic intensification along with the other essential ingredients of the modernization package such as HYV, fertilizers and agrochemicals. At present about 65 per cent of the area sown in the wet zone and 80 per cent in the dry zone are under improved varieties. Of the two contributors to total production, area and yield per unit of land, the latter has assumed a greater role since 1978 as shown by the figures below for the period 1971-1982.

Average Annual Growth Rates (Paddy)

<i>Period</i>	<i>Net harvested area</i>	<i>Yield/Ha</i>	<i>Growth rate of paddy output</i>
1971-1977	3.0	-0.6	2.4
1978-1982	0.2	5.2	5.4

SOURCE: Central Bank of Ceylon, Relevant Annual Reports

Going by yield performance of paddy, the post-1977 period is one of intensification of paddy production. The government will increase the pressure on the pace of intensification as the Accelerated Mahaweli Programme brings the land frontier to the end of its extensive margin. A measure of cropping intensity of paddyland over time (i.e., seasons) is the ratio of Net Harvested Area/Asweddumised Area as shown in Table VI. This and the Net Harvested Area/Sown Area ratios are also indicators of the effects of the factors that contribute to crop failure; lower the ratios higher the area affected by crop failure. Taking yield and cropping intensity as indicators of intensification the 1978-1982 period has achieved more than the 1970-1977 period. It may be mentioned that part of the credit for the better performance during 1978-1982 goes to the weather conditions which turned out to be more favourable than during the previous period. Improvements in the irrigation facilities may have been another contributory factor although it is

difficult to determine the exact contribution with the information available. The figures in Table VI also imply that the Annual Cropping Index can be raised much further through intensification.

TABLE VI
ANNUAL CROPPING INDICES — PADDY (1970-1982)

Year	NHA/AA	(Average)	NHA/SA	(Average)
1970	1.07		0.80	
1971	1.02		0.81	
1972	0.92		0.75	
1973	0.98		0.79	
1974	1.12		0.82	
1975	0.82		0.73	
1976	0.86	1970-77	0.75	1970-77
1977	1.03	(0.98)	0.80	(0.78)
1978	1.10		0.83	
1979	1.07		0.82	
1980	1.11		0.86	
1981	1.12	1978-82	0.85	1978-82
1982	1.00	(1.08)	0.78	(0.83)

SOURCE: Central Bank of Ceylon Review of the Economy and Annual Reports for various years.

NOTE: NHA — Net Harvested Area.
AA — Asweddumised Area.
SA — Sown Area

In the irrigation schemes there is an evident correlation between yield and proximity to the top end of the distributary channel. The "top-enders"- "tail-enders" dichotomy is almost universal in the irrigation schemes. The problem is not purely one of technical defects in the design of the irrigation system. It is also a management problem arising out of the individual allotment-based "independent" form of production. The "top-enders"- "tail-enders" dichotomy is a factor contributing to reduced overall cropping intensity. The problem is already present even in the new settlements of the Mahaweli Project.¹⁹ Despite the highly publicized "scientific" physical planning and "new styles" of project management—with assistance from foreign experts—the serious problem has become systemic in the Mahaweli settlements. This would mean that a fuller use of the irrigable land will be hard to achieve. We will return to this point later.

The achievements of intensification of paddy production so far have been accompanied by a highly discriminatory agricultural credit policy which has eliminated the defaulters who constitute a majority of the cultivators. As shown in Table VII the total quantum of institutional credit for crop and animal production was cut down by 70 per cent from Rs 261.7 million in 1978 to Rs 78.7 million in 1982 and in 1980 it fell to a very low Rs 53.3 million. During this period fertilizer prices shot up steeply (see Table VIII) as the government decided to

contain the total fertilizer subsidy within Rs 1000 million. This amounted to a partial withdrawal of the subsidy. Between 1978 and 1981 fertilizer prices increased by 70 to 262 per cent depending on the chemical. Against these, farm gate prices increased rather modestly. For instance, open market price for paddy varied between Rs 64 and Rs 75 per bushel over the year. The guaranteed price is Rs 55 per bushel. Under the highly variable conditions of production imposed by physical as well as economic factors, cost of production varies widely. Obviously the farmers having access to institutional credit and assured irrigation are assured of the best 'profit' margins. This applies to crops other than paddy too.

TABLE VII
INSTITUTIONAL CREDIT FOR AGRICULTURAL PRODUCTION 1978-1982
Rs MILLION

	1978	1979	1980	1981	1982
Paddy	183.1	39.2	35.3	64.6	62.8
Subsidiary food crops	60.9	16.4	14.2	14.8	11.1
Sugarcane, cotton and others	15.5	0.3	0.2	5.8	1.3
Animal husbandry	2.2	2.3	3.6	2.9	3.5
Total	261.7	58.2	53.3	88.1	78.7

SOURCE: Central Bank of Ceylon, *Review of the Economy* 1979; 1981.

TABLE VIII
FERTILIZER PRICES (Rs per tonne)

Variety	1978 (Sept.)	Price 1981 (Sept.)	Change (%)
Sulphate of Ammonia	1179 (100)	4270 (362)	262
Muriate of Potash	1132 (100)	2900 (256)	156
Urea	1638 (100)	2785 (170)	70
Triple Superphosphate	1556 (100)	2685 (173)	73
N P K (5:15:15)	1548 (100)	2785 (180)	80

SOURCE: Central Bank of Ceylon, *Review of the Economy* 1979; 1981.

The area under minor food crops (about 18 in all) has shown "significant increases" according to official reports although the exact rates of increase are difficult to ascertain due to data problems. The total area is around 200,000 hectares, the main crops being manioc, maize, onions and pulses including soya bean. In terms of area and output no agro-industrial crops have emerged with any impressive progress between 1978 and 1983. This indeed is not a happy situation for

the government which has done its best to attract agribusiness TNC's into the dry zone. Even a crop like sugarcane has not made any headway in a country which imports more than 90 per cent of its sugar. As a matter of fact sugarcane yield has dropped in recent years, in 1982 alone by 14 per cent.

The only steady contract farming sector in Sri Lanka is tobacco. This has been so for many years. The Ceylon Tobacco Company has been co-opted by the government for the management of Mahaweli settlements. The company is likely to develop contract farming projects for other crops in the future, depending on the prospects. But the much talked of agribusiness ventures are yet to come and make their presence felt in terms of growth.

Contradictions of the Agrarian Structure

The "revolutionary" changes introduced in and after 1977 were confined to areas like monetary policy, external trade, fiscal operations, price mechanism and investment programmes. The new strategy, however, did not accompany any express reforms in the agrarian structure. It was conceived within the existing framework with certain shifts in policy as shown already. But the operation of the strategy has affected the agrarian structure exposing some of its inner contradictions more acutely and raising certain basic issues of the problematic of agrarian transition and the development of capitalism.

The consistently dismal performance of the plantation sector under a strategy which brands itself "export led" calls into question the very relevance of the liberalization package to an export sector which has long become a structural anachronism. The past few years have seen the most telling exposure of the obsolescence of the plantation system. In contrast to the performance of the plantation sector the peasant sector has displayed a certain degree of dynamism which is visible to the naked eye. But this dynamism while showing the potential of family farming for certain important crops, has also brought into sharper relief the phenomenon of pauperization. Although this pauperization is manifested and reproduced within the agrarian structure and felt in the countryside it is not entirely a problem of the agrarian structure in the final analysis. We shall discuss the problems of the plantation and peasant sectors in turn.

The Plantation System in Crisis

The plantation system of Sri Lanka displays the characteristics and consequences of underdevelopment in their most classic form. The nationalization of estates owned by companies in 1975 and the measures associated with the Land Reform of 1972, under the previous regime, did not touch the social and the economic structure of the basic production unit, i.e., the estate. Since 1975 so much has been carried out in the name of "institutional change" and "reorganization", but all

outside and above the production unit. These administrative changes have led to a proliferation of corporations and ministries adding to the burdens and diseconomies of a production system which stands as a monument of pre-industrial labour control suffering from a technological lag of several decades.

Historically the production activity of the plantations was subordinated to the oppressive hegemony of merchant capital which prevented any radical changes in the techniques of production and hence the labour process. This reinforced and perpetuated the peculiar labour control methods which used extra-economic means to maximize absolute surplus by keeping wages down and extending unpaid labour time by various means. In the heyday of the tea boom the planters responded to the growing demand by expanding their output through the extension of cultivated area and augmentation of yield by agronomic improvements up to a point. The labour process remained unaltered. The non-market means of securing labour and the authoritarian management that characterized the plantation system precluded any possibilities of growth in labour productivity by the deepening of capital, i.e., by labour saving innovations leading to higher capital-labour ratios. This was a classic situation of the disjuncture between productivity and profitability that characterizes the dynamic of underdevelopment on the economic level. Such oppressive means of labour control cannot go on for ever. It has become more and more difficult to suppress wages artificially in the estate sector. On the one hand construction and related activities have activated the labour market in some regions, including parts of the upcountry. On the other hand prices of wage-goods have risen sharply. The inflation is due to both internal and external factors. While the repatriation of Tamil workers has created labour shortages in several estates the re-enfranchisement of a section of the "stateless" Tamil workers has given them some political clout because of their electoral significance and enhanced the bargaining position of their trade unions. All these factors have a bearing on wage fixation in the plantations. Nevertheless, the estate labour market remains basically unfree as far as the resident labour force is concerned and wages are still lower in the estate sector than in the unorganized sectors in the rural areas. The old technical conditions and the profitability criteria that necessitated a suppression of wages still remain but the socio-political context of the estate sector and the general dynamic of the larger labour market have made it more difficult to prevent wage increases.

Two political factors have contributed to drastic labour shortages in certain estates. One is the ongoing repatriation of Tamil workers to India under the Sirimavo-Shastri Pact. The other is the migration of Tamil workers from plantations in the Mid and Low country toward the Northern and Eastern provinces in search of personal safety from Sinhala communalist violence. Both these are a result of the ideological hegemony of Sinhala Buddhism. But their consequences have contributed

directly to a more blatant exposure of the socio-economic obsolescence of the estate system. The labour shortages created this way cannot be satisfactorily met within the existing estate system. The non-market mechanisms of labour force mobilization used by the colonial planters cannot be applied today. Even transferring Tamil workers from labour surplus estates to labour shortage estates has not been possible. Labour immobility and the self-contained nature of the old estate system were so complete that the workers themselves are reluctant to move. Secondly, the Tamil workers are afraid to move to estates surrounded by Sinhala villages due to the prevailing ethnic tensions. As already mentioned, the tendency is for the Tamil workers to move away from these estates.

The only way open to the estate sector to meet its labour shortage is through the market mechanism. This imposes certain preconditions. First of all wages have to be sensitive to the labour market conditions and where labour is difficult to find they have to be high enough to induce mobility of labour. Even this cannot ensure a regular supply given the peculiarities of the village economy. If rural labour were to be absorbed into the resident labour force the living conditions offered must change completely. And finally, all these will have to be generalized for the whole sector as the resident workers will not accept discriminatory procedures in labour relations which are not favourable to them. The Sinhala villagers, who are the only source of replenishment, have not shown any willingness to accept the prevailing living conditions of the estates to become resident workers.²⁰ At best they will continue to look at the plantations as a source of seasonal or casual employment. But the plantations require an assured supply of labour. The Central Bank has been reporting high levels of absenteeism among the Sinhala casual workers in the plantation sector. The reason for the absenteeism is obvious. The Sinhala villagers have their own farming and other activities outside the plantations. Further, since wages are higher in the unorganized sectors in the countryside than in the estate the latter would be the choice of only those who have no access to employment in these sectors during the times they seek wage employment. No wonder the government has delayed repatriation and even offered "temporary citizenship" to the would-be repatriates while assuring the Sinhala electorate that the "stateless" Tamils will definitely be sent off soon. Caught between the politics of Sinhala chauvinism and the dire economics of the country's export mainstay the government's behaviour is a dramatic manifestation of its own inner contradictions and confusion.

The government has attempted to offer better living and working conditions as inducements to attract Sinhala workers into the plantation labour force. Such a solution to the labour problem at the present general level of economic efficiency of the plantation sector will be unbearably costly. The policy makers are struggling to find a solution within the existing estate structure. This would mean the maintenance

of a resident labour force in each estate. At the normalized level of wages and the maintenance costs that will be required under improved living conditions for all resident workers it is not possible to find an economic rationale for such an approach. There is very limited space within the plantation system for piecemeal solutions. Without the repressive means of labour control the system cannot survive; its economic viability has rested on this. The cracking of the classical labour control system has left the plantation sector sliding deeper into crisis.

The government has been periodically increasing the subsidies to the export crops to accelerate agronomic improvements. However the major agronomic improvements (replanting and/or infilling) will take years to show results while cost escalation cannot be easily contained. Cost of production in the plantation sector is likely to rise continuously due to the increases in the prices of imported inputs and wages, not to mention the ever worsening managerial deficiencies in the state-owned plantations. The agronomic improvements are aimed at increasing the productivity of land and these by themselves cannot introduce any economies of scale. At the present level of technology they will only reinforce the "labour problem".

The government has also used the state plantations as a source of employment to its political supporters. It has created certain new categories of supervisors and low level managers purely to satisfy its political needs at the cost of the economic performance of the plantations. As already mentioned, the proliferation of boards, etc, has only added to the costs without any compensating effect on production. The state sector in Sri Lanka has always been used by the ruling parties for such political purposes. Even an already weakened and problematic plantation sector has not been spared. This is indeed a contradiction when viewed purely in the light of the economic policy of the government. But it is explained by the balance of class forces within the government and the needs of parliamentarist politics.

The newly appointed supervisors in the estates—the new Kanganis—do not have any new role to play since the labour process and the estate structure remain unaltered. They can at the most add to the intensity of labour control but not necessarily with increasing returns. There is a physical limit to the output of manual labour.

Since the mid 1960's Sri Lanka's share of tea in the world market has been declining in absolute and relative terms. In 1967, 35 per cent of the world tea exports was from Sri Lanka. This share dropped to 23 per cent in 1980. In absolute terms the quantity exported dropped by about 15 per cent between these two points of time. This decline has taken place while the total volume of world tea exports increased by over 33 per cent between 1967 and 1980. The causes for the decline of Sri Lanka's position are internal and rooted in the very structure of the plantation economy and aggravated by the politics of the dominant

petty bourgeois ideology which pervades the policy-making institutions of Sri Lanka.

Even after nationalisation no government has posed the question of alternative forms of production to the estate form in a systematic manner. Nevertheless, given the theoretical premises of the economic strategy of the present government, this question raises itself in a serious way as an aspect of agrarian transition under capitalism.

The question of transitional forms of production crops up at a practical level before the policy makers because of the prolonged technological lag in the plantation sector. Mechanical technology that can render large scale tea production more economical is not easy to find in the short run. It will remain a labour intensive crop until operations like plucking can be mechanized without sacrificing the quality of the product. The alternative forms of production in such a situation will have to be labour intensive but without the coercive system of labour management. This narrows down the options to certain forms of petty commodity production based on individual family enterprises integrated with the factory. There may be cooperative arrangements within this or contract farming as in Kenya which is promoting the latter system as an alternative to the estate form for tea. It would seem that Kenya's competitive position in the world tea market and its ascent to the position of the third biggest tea exporter in the world have been significantly facilitated by these internal organizational changes.

Although agribusiness type contract farming is most acceptable to the present government in the peasant sector it has not considered this alternative for tea and rubber. Such a turn of policy will necessitate certain major decisions, including changes in land tenure and the dismantling of the present state corporations dealing with these crops. The position of the plantation workers will become a serious issue due to ethnic reasons. A conversion of plantations into petty commodity production units should also mean the conversion of the plantation workers into a class of landowning producers under normal circumstances. One is not certain whether this will be the case here as the plantation workers are the so-called Indian Tamils who are viewed as 'aliens' in the territory of the Kandyan Sinhalese by the officially encouraged and popular ideology of Sinhala chauvinism.

As regards the split-up of plantations into small holdings it may be pointed out that the government has converted state owned large holdings of sugarcane cultivated with wage labour (not regimented and managed in the fashion of plantation labour) into family farmed allotments in Hingurana. It should be possible to carry out large scale sugarcane cultivation with hired labour as the field technology is available abroad. Capital intensive mechanization was not fully adopted in Sri Lanka. Certain operations remained labour intensive. The Sri Lanka Sugar Corporation has had a poor record of field managerial efficiency. The blame has often been put on the labour. Between

continuation of the large holdings with capital intensive technology and their break-up into small family farmed allotments with labour intensive methods the corporation has opted for the latter. The third option, theoretically, was to introduce the typical plantation management system. This would have been the worst of the three alternatives in economic terms and its practical feasibility is almost nil as the nineteenth century non-market mechanisms of labour force mobilization are unthinkable today. The break-up of the sugar holdings also has its political cause.

It would seem that several political factors will not allow the government to embark on a fuller transformation of the plantation system even according to the logical needs of the growth strategy of the self-same government. The present chaotic situation will continue with ad hoc changes and "adjustments" with foreign aid channelled into the plantation sector as subsidies. Output may begin to increase gradually someday due to agronomic improvement but the inefficiencies will also increase with serious consequences to the already weakened international competitiveness. However, the possibility of developing a sizable small holdings sector for tea without totally dismantling the plantations still exists. The land alienation programmes in the upcountry for export crops and the role of the Tea Small Holdings Authority (TSHA) of Sri Lanka may contribute towards this. But the results have yet to be seen.

Peasant Sector—Growth and Pauperization

Unlike the plantation system which has long been exhausted as a model of accumulation the agrarian structure of the peasant sector is yet to be exhausted of its potentials for commodity production and private accumulation. The new bio-chemical technical innovations, in combination with tractorization, have even enhanced the prospects of a fuller exploitation of these potentials. During the past two decades peasant farming has seen an acceleration of the process of commoditization of the means of production under the impact of state sponsored modernization. The personal non-market ties that determined the reproduction of the productive unit of the typical peasant household have come to be progressively replaced by market ties. On the side of production, key material inputs like certified seed, fertilizers, agrochemicals, sprayers and tractors have to be purchased in the market. The peasant farm is integrated into factor markets which suffer from severe imperfections and distortions with serious consequences to a majority. Traditional cooperative forms of labour sharing have been replaced in most areas by the wage-labour form. Wage-labour is the only source of supplementary labour during peak periods of demand in most parts of the countryside. These changes have imposed a growing need for money.

On the side of consumption, most of the basic requirements of the 'peasant' producers have to be purchased in the market. Thus on either

side of the reproduction cycle of the family farm—production and consumption—market relations dominate to varying degrees. A necessary condition for reproduction is cash which has to be obtained by the sale of the products of labour that belong to the producer and/or the sale of his labour power for a money-wage. However, it would be an overstatement to say that personal ties have completely disappeared. Depending on the position occupied by a farm household on the scale of stratification, personalized monetary relations can be crucial. Farmers often depend on personal relations in the sphere of credit and for certain vital services like tractorized land preparation and transport of materials. Such relations are not part of generalized market relations and are invariably more-unfavourable to the producers. The persistence of such personalized dependency relations is a sign of the protracted and uneven nature of agrarian transition within an environment of underdevelopment. On a historical plane the transition taking place in the peasant sector is still confined, by and large, to forms of petty commodity production which also use hired labour to varying degrees as a supplement.

In the evolving configuration of rural classes—with regional diversities and peculiarities—an accumulation motivated petty bourgeoisie has come into existence. This class of dynamic small entrepreneurs use their family labour and supplement it with hired labour during peak demands for labour. The existence of such seasonal wage relations, arising entirely out of the demand-supply balance variations due to the peculiarities of the cropping cycle (demand) and the demographic cycle of the farm family (supply), is not a sufficient condition to call these farmers capitalists, i.e., a rural bourgeoisie. There is, however, a small category of rural entrepreneurs who depend entirely on hired labour for their market oriented production. They are mostly people with other occupations (traders, government officials and professionals). Here the owners of the means of production do not participate in the labour process for commodity production. But, in general, the labour process in these farms is essentially the same as in the owner cultivated farms for the same crops. Wage relations in such a situation can be said to conform to the stage of Formal Subsumption of labour under capital. These relations certainly signify the arrival of capitalist production but the stage of Real Subsumption of labour under capital which defines capitalist production in fully evolved state has yet to be reached.

It can be hypothesized that in the ongoing differentiation of the peasantry within a framework of petty commodity production the other side of accumulation is represented by two conceptually distinguishable processes, i.e., proletarianization and pauperization with the latter being the dominant tendency.²¹ And the phenomenon of pauperization, though manifested and reproduced within the agrarian structure, in the final analysis, is really a manifestation of the underdevelopment of

the larger economy which has failed to generate an expanding and self-sustaining dynamic of capitalist industrialization and labour absorption. Several factors of heterogeneity contribute to the differentiation of the petty producers. Inherited and acquired positions of local power, ready access to working capital and technical know-how, favourable location of the farm to sources of irrigation supply, soil quality and farm size are among the crucial factors that have promoted the evolution of a thin layer of rich farmers through their cumulative effects.

The non-existence of some or all of these factors has meant different directions of evolution to a majority. To be a successful farmer in terms of generating 'profit' margins, and through that accumulation, several conditions must be satisfied, but to end up in failure and debt, the absence of one of the key factors mentioned above would suffice.

As far as the agrarian conditions in the country are concerned the new policy has accelerated the processes referred to above. An average annual growth rate of 3.66 per cent for agriculture during 1978-1982 is significant indeed, given the negative contributions of tea and rubber and the poor record of 1970-1977. As mentioned already, this 'liberalization induced' growth has been mostly generated by the small holders—most of whom are described as peasants—and agronomic intensification has played an important role. The class bias of the policy and the nature of the growth process have given a greater impetus to differentiation. For instance, agricultural credit policy has become more strictly in favour of the entrepreneurial category of producers. This and the partial withdrawal of the fertilizer subsidy in 1981 at a time when fertilizer prices were shooting up, served to quicken the pace of pauperization of the weaker groups. Gross figures of output and yield averages conceal the important qualitative processes at work. Liberalization did not by any means promote perfect competition. In combination with a discriminatory agricultural policy in favour of a particular category it has promoted inequalities.

The consequences have led to different types of concerns from different viewpoints. The policy makers, while recognizing the potentials of the small family farm as a means to attain growth with several crops via agronomic intensification, have reasons to be more seriously concerned with vertical integration and more intense project management to maximize overall returns on the investments in land and irrigation infrastructure. The acceleration of pauperization implies waste or underutilization of the key resource for agricultural production, i.e., arable land. It means an inefficient combination and management of resources from a technocratic viewpoint.

A look at some of the empirical findings of recent field studies in the Mahaweli areas will be helpful in relating the points raised above to the actual agrarian conditions and their further theoretical elaboration. I have chosen to refer to the Mahaweli studies for the following reasons:

the Accelerated Mahaweli Programme is the centrepiece of the present government's development strategy both in terms of public investment and agricultural modernization. The studies that will be referred to—carried out in areas where settlement began in or after 1976—throw light on the initial impact of a policy where it was most enthusiastically applied by the statals and para-statals. Further, the government and its spokesmen have held that the new Mahaweli settlements are models of a new style of settlement management. Much has been said about the higher levels of yield and technical efficiency of production in some Mahaweli areas (Galnewa, for example).

Table IX gives some basic information obtained from a field study conducted in the Mahaweli H area during 1979-80 Maha.²² The

TABLE IX
SOME RESULTS OF A SOCIO-ECONOMIC SURVEY OF MEEGALAWA AND
GALNEWA SETTLEMENTS IN THE MAHAWELI H AREA—1979-80 MAHA.

	<i>Pre-Project</i> (<i>Pirana Village</i>)	<i>Post-Project</i> (<i>Mahaweli H area</i>)
1 Yield/Acre (bushels)	33.0 (1973-74)	60.23 (1977-78 Maha) 59.50 (1979-80 Maha)
2 Percentage of settlers obtaining yields of 100 bushels/acre and above		10.5 (1979-80 Maha)
3 Average cost of cultivation per allotment	(Rs 198/ac in 1972)	Rs 5730 (1979-80 Maha)
4 *Average cash expenditure on basic consumer needs per family of 7 members per season (6 months)	Rs 702 (1974)	Rs 3519 (1978-79 Yala) (100) Rs 4725 (1979 Yala) (134.3) Rs 5400 (1979-80 Maha) (153.4)
5 Average cash receipt per family		Rs 4241 (1979-80 Maha)
6 Percentage resorting to distress sale		47.7
7 Percentage with a positive balance of Rs 5400 and above		16.5

*Data from Siriwardhana (1981).

figures reveal dramatic changes between pre-project and post-project situations with regard to yield as well as the costs of production and living. The average yield obtained by this particular survey is lower than the estimate of the Department of Census and Statistics which puts it at 77.6 bushels per acre. Nevertheless, the survey average is an impressive figure, especially when one compares it with the pre-project average. The distribution of yield given in Table X shows that, in all probability, more than half the population in the sample was below the average and between the first season of cultivation after resettlement (1977-78) and 1979-80 there was an increase in the number of the below average performers. It is likely that the initial performance was

TABLE X
YIELD DISTRIBUTION IN MAHAWELI H AREA
(Meelagalawe and Galnewa)

Percentage of Settlers

<i>Yield (bushels/acre)</i>	<i>Maha 1977-78</i>	<i>Maha 1979-80</i>
0-50	44	47
51-80	35	34
81 and above	21	19
	100	100
Size of Sample	126	133

enhanced by the natural fertility of the soil, among other factors. Initially the settlers also enjoyed a more liberal grant of institutional loans.

The uneven pattern of land productivity is already very pronounced. Not all farmers cultivate their entire allotment, and the major reason given was the lack of water. The most glaring aspect is the financial gap between the cash requirements for production and consumption on the one hand and total cash receipts on the other, for a very high percentage of farmers. Only 16.5 per cent of the sample had a positive balance of Rs 5,400 and above for consumption. The others fell into debt to varying degrees. The percentage resorting to distress sale was also high (47.7 per cent). These are the farmers who have already entered the circle of pauperization. Their immediate cash needs force them to sell a part of their paddy retained for consumption. But they have to purchase more or less the same quantity later at a higher price. They fall into debt at that point. They are often compelled to illegally surrender their allotments to others and become "tenants" on their own farms.

Liberalization also "imported" inflation which gripped the small farm producers by the spiralling costs of production and living. It has been observed that for the same output two farmers in the same area can have different costs. A major distorting factor in this regard is the varying rates of interest for credit depending on whether the source is institutional or others. In Galnewa region (Mahaweli-H-area) 1627 settlers (less than 50 per cent of the total) received institutional credit for paddy production in 1977-78. The figure dropped to a mere 142 (less than 4 per cent of a total of 3753 settlers) in 1980-81.²³ The others have been disqualified because of defaulting. Private moneylenders invariably charge their interest on a monthly basis ranging between 10 and 20 per cent, i.e., 190-240 per cent per annum. Along with this the cost push due to rising prices of imported inputs has prevented a majority of the farmers from reaching an income threshold of Rs 7,000 per annum—a threshold based on the prices of 1980. Imported inputs amount to about 40 per cent of total paddy production costs and nearly 60 per cent of cash costs.

The minority that qualifies to be considered as the emerging entrepreneurs is to be found within the top 15 per cent. The top farmers also include a "non-settler" component consisting of traders and government officials who have acquired operational control over land allocated to settlers through the traditional means of usury and sharecropping deals. They have their own working capital or borrow only from the banks at 14 per cent. They own tractors which help them to practise double cropping. They also earn additional income by hiring out their tractors.²⁴ Their own allotments and the land illegally rented in by them are assured of irrigation water because of their locational advantage in relation to the distributory channels. The effect of inflation is more than offset by the countervailing factors for this category of farmers. The situation is different with the majority. The impressive increase in average yield has not improved the overall standard of living. There is no automatic causality here. Apart from the fact that yield distribution is skewed, several other negative factors operate more intensively or exclusively among the weaker farmers as already highlighted. The burden of inflation weighs crushingly on the weaker majority.

While prices of imported inputs keep rising the government is concerned with regulating the price of paddy as it is an essential ingredient of the wage-goods basket. After all Sri Lanka's foreign investment promotion campaign is based on the promise of cheap labour. Keeping wages low in the urban sector is a basic rule of the 'export-led growth model'. So paddy prices cannot be allowed to rise freely. Although the government cannot control prices of imported manufactured goods it can "regulate" the prices of domestic farm products. As far as the farmers who suffer from higher costs of inputs, including credit, are concerned the price of paddy has not gone up adequately to allow them a margin helping them to purchase their own consumption package. These farmers become the worst victims of "imported" inflation and imperfect factor markets. Distress sale and the loss of operational control over their lands are manifestations of their pauperization. The high level of distress sale also indicates that a sizable middle layer which can sustain its own simple reproduction from cultivation alone has not been able to consolidate itself. This failure is a serious indictment of official policy which talks of creating a stable self-supporting peasantry.

Siriwardhana (1981) has reported that of an area of 92.5 acres (38.44 Ha) of Mahaweli land granted to 37 settler families (at 2.5 acres per family) in 1976 in the H area, 61 per cent had passed under "hidden" forms of tenancy—Ande and lease—by the Maha season of 1979–80.²⁵ Thilakasiri (1980) reported even more staggering figures for another new hamlet in the Mahaweli area.²⁶ There are some farmers who cultivate more than six acres each while the cultivated extent of some others has shrunk to a stifling half acre in the showpiece land settlement

project of the government which offered 2.5 acres per farmer only a few years ago in the name of an "egalitarian" and "restricted land tenure". Obviously the pace of subversion of "restricted land tenure" which was conceived of in the 1930's as a device to protect the 'peasant from himself', has gathered momentum under the "accelerated" Mahaweli-scheme. Past experience had shown beyond doubt the irrelevance of the bureaucratic and static concept of "restricted land tenure"—a major plank of state aided land settlement policy.

Perhaps the prevalence of "hidden" tenancy is not a matter for alarm to the growth conscious policy makers if it can help accumulation via extension of cultivated area. Such a tendency would ensure that the land lost by settlers is in the hands of more enterprising persons who can produce better results. This process is indeed on as shown by some studies cited above. But hidden tenancy also involves pauperized "non-settlers" who are driven to seek some kind of anchorage in farming for subsistence reasons. Like the pauperized settlers they are also casual seasonal wage workers. This phenomenon is fairly widespread in the countryside and shows the lack of avenues of irreversible escape from the vicious circle of pauperization into regular wage employment via proletarianization. In the absence of such a pull the peasant who is dislodged from ownership of his land has no option but to continue in the circle of pauperization which offers some access to the means of subsistence, albeit under sub-human conditions.

Pauperization operates as a vicious circle within the agrarian structure in the traditional village and the new settlement alike. Viewing landlessness as a purely agrarian problem can be very misleading.

Governments of Sri Lanka have used land alienation as a means to "solve" or contain the problem but only to find it reproducing itself with added vengeance. The most obvious lesson from this long experience is that a final solution for this elusive "agrarian problem" cannot be found within agriculture since land is not the answer to "landlessness", if one takes development seriously. I shall return to this point for further comment in the next section. The point that deserves emphasis here is that the economic imperatives of the circumstances demand of the government giving strict precedence to land as a scarce "factor of production" subordinated to the logic of accumulation, over land as a means to "solve" landlessness for parliamentarist political purposes. This again is a contradiction with certain political implications which the UNP cannot afford to disregard from the standpoint of retaining parliamentary power.

Successive governments have used the device of "State Aided Land Colonization" to win electoral political support in the rural areas. With time the granting of land to the "landless" has become a matter of political patronage. Governments could resort to such populist practices because of the availability of vast tracts of state owned land in the dry zone. The UNP and the SLFP have strong rural support in

the Sinhalese areas drawn from the peasantry partly as a result of their land alienation policies. Subjectively, the landless and near landless peasants view their problem as an "agrarian problem" and land as its logical solution. The dry zone irrigation schemes have great appeal to them as there was the promise of developed land and other amenities *gratis*. With the launching of the Accelerated Mahaweli Project the populist propaganda also became highly activated. The UNP was determined to get maximum political mileage out of this project and it has succeeded to a considerable extent. But there is an ever present demand to manage the contradiction between the hard requirements of capital accumulation under imperialist hegemony and the minimum requirements that must be satisfied to keep the parliamentary power intact in order to wield the state.

As long as accumulation enjoys primacy, and under the given circumstances of the day, peasant agriculture will be viewed in terms of its potentials not only to produce wage goods for the home market at cheaper prices but more importantly agro-industrial crops (food and non-food) for processing industries aimed at foreign markets. The challenge as far as the government is concerned is how to manage differentiation in such a way to promote physical efficiency in terms of output, marketable surplus, and diversification into agro-industrial crops to promote agribusiness ventures. This comes as no surprise as it is a part of the policy that has evolved since 1977. It is being very forcefully articulated today in terms of attracting the private sector including TNC's to make productive use of the land and irrigation infrastructure that has been developed. The example of the tobacco sector under the aegis of Ceylon Tobacco Company has been held as an appropriate model for TNC (or other type of firms)-petty producer linkage for agro-industrial ventures. Crops like sugarcane, soya bean, fruits and vegetables and meat and milk products have been listed for major ventures. As mentioned in an earlier section the APZ's and the new land policy have created the legal infrastructure for contract farming.

Diversification into agro-industrial crops for foreign and local markets is a necessary condition for the private sector to get more seriously interested in and involved with peasant agriculture. The government sees the private sector as a more efficient alternative to the statals and para-statals for the management of land settlements. In pure and simple terms the policy of the government strives to create new sub-sectors and projects in agriculture where specialized production of particular crops for processing will take place. This type of production will involve peasant producers and, wherever feasible (politically and economically), large scale production based on hired labour. There will be monopsonist buyers of the farm produce for processing industry. This is what is being sought.

The role of the peasantry is being more strictly defined as a

“factor of production”—in which role it is seen as a major contributor. A wide range of agricultural production activities that supply the raw materials for some highly profitable processing industries still have to depend on forms of petty commodity production due to agro-technical and economic reasons. Hence petty producers are an important category at least in a transitional sense until technological and other necessary conditions are satisfied for large-scale production of the important crops. But in the emerging pattern of economic transition there will be a shrinking space for the so-called independent small producer. Crops will be imposed on substantial sections of the farmers by direct and indirect means. They will be the risk-takers on behalf of the processing industries, the needs of which will determine the pattern of land use.

When peasant production is subordinated directly to the needs of a processing industry, say like the tobacco sector, vertical integration of the producers will be automatically looked after by the industry concerned. State will be relieved of a costly function and state capital can find more effective alternative avenues to promote privatization of capital. The subordination does not necessarily spell doom to all producers. Differentiation will occur and pauperization will be a part of it as long as proletarianization does not become the dominant tendency. The subordination to the processing industry being direct without the intermediation of externally operating merchant capital will encourage accumulation within and the development of the productive forces. But this will depend a lot on the conditions governing the linkage and the freedom enjoyed by the producers with regard to bargaining for better prices and the choice of techniques. The same factors will also determine the specifics of differentiation.

Sri Lanka's government has done its best to attract foreign and local big capital into agriculture and agriculture-linked ventures. It has followed the advice of the IMF and the World Bank to make the best use of the ongoing internationalization of capital to satisfy the domestic dominant classes.

How much of the expectations of the government will materialize will now depend on the preferences of international capital which has a range of locational choice for agribusiness.

Concluding Remarks

A conjuncture of several internal and international factors justified the ‘new’ economic policy. Internationally capital has acquired great mobility because of the permanent technological revolution and some global institutional changes. Finance capital has succeeded in winning legitimation for its world organizations like the World Bank and IMF. Internationalization of capital is highly facilitated today. Internally the adoption of the liberalization strategy marked a particular point in class formation and the balance and realignment of the dominant class forces. Irrespective of its ideological manifestations the development of

state capitalism under the leadership of the SLFP, with the support of the reformist left in the latter stages, served a transitional purpose. It occupied a historical space which was not voluntarily claimed by local private capital. But the state sector, under the demands of a populist ideology and the aspirations of a propertyless middle class intelligentsia which was well entrenched within the government, extended into areas which already "belonged" to private capital. Development of capitalism demands a complementarity between state capital and private capital. The dominant ideology reflecting certain local class interests helped to turn this complementarity into a contradiction which took very antagonistic forms in the days of the United Front government of 1970-1977. This was the last phase of an economic policy and state management which undermined the logic of capital. The consequences turned out to be bad for capital and worse for the masses.

The 1977 strategy sought to restore the complementarity between state capital and private capital. State was used as a national instrument to secure foreign aid of various forms. The volume of capital mobilized by the government in this form has been unprecedented and its modes of utilization have enabled private accumulation and the economic strengthening of certain sections of the domestic bourgeoisie. State's activities have been most intense in the sphere of infrastructure development. Land and irrigation development and rural public works (IRDP) have received heavy doses of investment. The private sector has been granted an active role in this. The consequences are not so bad for capital but worse for the working class, the majority of the farmers and the lower middle class.

The most disappointing part of the experience with Sri Lanka's export-led growth strategy is that the economy has yet to produce the export-led growth worthy of the name of the strategy. The growth has been largely import-led. There are no promising signs yet of any leading export growth sectors in manufacturing. In agriculture the traditional export crops have not shown signs of recovery, nor have any new export crops emerged. The government has turned to agriculture in its desperate bid to find new export sectors. The yawning trade gap is managed with foreign aid and the fiscal crisis continues although the Minister of Finance congratulates himself quite generously at every budget.

It would be wrong to jump to a conclusion that the ideology of the past has died down. It exists as strong as ever and has its advocates within the government. Two areas that have served as instruments of the Sinhala Buddhist ideology, which often makes its political gains at the expense of the economic interests of the system as a whole, have been state corporations and land policy. Agricultural policy involves a sector that carries with it the majority of the country's population. The government has used it to play up to the needs of parliamentarist politics, but it has also struck a tough compromise in the interest of the

basic goal of promoting private accumulation. Over the past year a broad alliance of various factions of the bourgeoisie and the petty bourgeoisie has been fostered with links with foreign capital under the overall hegemony of the finance capital of the World Bank and the IMF.

As pointed out in this paper, the government's internal contradictions have affected the future of the plantation system. A plantation system is inconceivable without resident labour and the problems of continuing with the old order of things have been discussed here. In the peasant sector there is still scope for growth and exploitation of labour. The institutional changes are directed towards increasing the pace of intensification. This, while producing increased output and promoting the growth of the productive forces within the existing agrarian structures, will not necessarily reverse the trend of pauperization. Until now all the indications are that pauperization has been furthered. But how much of an agrarian problem is this phenomenon including landlessness?

As mentioned earlier, as long as landlessness is viewed as an agrarian problem the logical solution has to be land. Land reform or land distribution is viewed as a solution to landlessness. But this direct link between the two is only incidental in the final analysis. The democratization of an outmoded agrarian structure may become necessary to promote the growth of the productive forces, to turn the balance of class forces in favour of industrial accumulation by breaking the power of landlordism in the countryside and to create a conservative and numerically strong section of small scale farmers as a political base for the consolidation and legitimation of the capitalist system. In this process the landless may become landed but developing capitalism absorbs the next generation, which is "landless" in an agrarian sense, into the urban labour market. "Landlessness" thus vanishes as an agrarian problem.

It is the absence of this absorption that creates the "agrarian problem" in the countryside and not the lack of access to land. But where land is available a temporary outlet may be found. The question is how long this can go on in a country like Sri Lanka. State aided land colonization has been on for more than half a century. This costly extension of petty commodity production has neither given way to large scale capitalist farming nor solved the problems of landlessness and rural poverty. The problems are still with us and in terrible magnitudes. The stark lesson is that land is not the answer to "landlessness". The answer lies in turning pauperization into proletarianization, when the question is posed in terms of capitalist development. Capitalist rationality demands a conceptual differentiation between land as a means of production to promote private accumulation and land as a means of subsistence for the landless poor. And now as state aided land colonization comes to the end of the road—thanks to the Accelerated Mahaweli it has come faster than expected—with the land frontier reaching its limit the stark truth of underdevelopment stands demystified.

Sri Lanka's experiences with the 'open model' since 1977 are an illustration of the impact of the ongoing international division of labour on a weaker economy in the periphery of the world capitalist system. The liberalization, carried out in the name of export oriented industrialization, while integrating the economy further into the world capitalist market has driven it to agriculture in search of new export sectors. It would seem that Sri Lanka will have to content itself as a primary products exporter in a world of "comparative advantages". But agricultural intensification with export orientation without an industrialization that can systematically expand the home market through proletarianization is no solution to underdevelopment. This proposition takes us back to the international division of labour, the workings of which make the whole idea look not only impractical but illogical within the world context in which Sri Lanka finds itself today due, at least partly, to its own choice of "development strategies".

1 Ministry of Finance and Planning, *Public Investment 1982-86*, p 1.

2 World Bank, *World Development Report 1982*.

3 Ministry of Finance and Planning, *Public Investment 1980-84*.

4 *Public Investment 1982-86*.

5 Central Bank of Ceylon, *Review of the Economy 1979*.

6 Replanting and other subsidies for these crops have been again revised upwards and the latest figures as announced in the Budget presented on November 16, 1983, are as follows:

Tea Replanting Subsidy (Private Sector)	Rs 36000 per Ha. Low-country
	Rs 43000 per Ha. Mid- and Up-country
(State sector)	Rs 30000 per Ha. Low-country
	Rs 36000 per Ha. Mid- and Up-country

Subsidy for infilling (tea) Rs. 4 per plant

Cocconut replanting-underplanting subsidy Rs. 12000 per Ha.

Cocconut new planting Rs. 11500 per Ha.

Cocconut rehabilitation subsidy Rs. 3000 per Ha.

7 For information on the new organizations and system of management, see Ministry of Mahaweli Development, *Mahaweli Project and Programme*.

8 The Ceylon Tobacco Company, a subsidiary of BAT, handled the management of some settlements in the Mahaweli H area. In 1980-81 it handled about 5000 acres. Having considered the experiment a success the government has decided to extend the area under private sector management.

9 For example, export duty on tea was reduced from Rs 10.50 per kg. to Rs 8 per kg. of bulk tea and from Rs. 8.50 to Rs. 6.50 per kg. of packeted tea in 1981. Minimum price at which ad valorem sales tax applies was also revised from Rs 18 to Rs 22 per kg.

10 *Public Investment 1980-84*, *op cit.*

11 *The Daily News*, June 1, 1983, p 1.

12 *Ibid.*

13 *Ibid.*

14 It would be more reasonable to take 1978 as the first year of the present government for purposes of performance analysis as the change of government took place during the latter half of 1977 and the first budget of the UNP was presented in November 1977.

15 Central Bank of Ceylon, *Annual Report for the Year 1982*.

16 It has been reported that the average amount of fertilizer applied for tea was less

- than 50 per cent of the recommended dosage, which is 865 kg per Ha and the average is 430 kg per Ha. People's Bank, *Economic Review*, Vol 6, Nos 6 and 7, Sept/Oct, 1980.
- 17 Labour charges were 53.4 per cent of the total cost of production in 1973. This increased to 55.3 in 1976 prior to the wage increases in 1977 and afterwards. (*Statistical Abstracts*, Department of Census and Statistics, 1977). At present labour charges are likely to be in the region of 60 per cent of the total cost.
 - 18 M M Yoshino *et al*, "Climatic Fluctuation and its Effect on Paddy Production in Sri Lanka", Tsukuba University, 1982 (mimeo).
 - 19 "Agricultural extension workers of all the large irrigation schemes have experienced that the conventional system of water distribution results in the inadequacy of water to the tail enders of the distributary canals due to the luxury consumption of water by the top-enders. A recent socio-economic survey in two typical top-end turnout found that the former had higher yields and incomes (60 bu/ac and Rs 4387) compared to the bottom-enders (26 bu/ac and 2309) (Upasena 1980)", in S A B Ekanayake, "Agricultural Production in the Galnewa region, 1981" (mimeo), p 11.
 - 20 Historically the early planters could not secure labour on a regular basis for plantation work as plantation development did not proletarianize the peasantry to any significant degree. Despite the negative effects created by the plantations, which reduced the availability of and access to highland, the peasantry of the areas concerned was strongly anchored in the village through paddy cultivation. The estates were considered sources of seasonal employment by the villagers. While the plantation system stood still for over a hundred years with regard to labour relation and social organization considerable attitudinal and value changes have taken place in the village communities during the past 20 years. And the rural youth view the estate as a socially regressive set-up, with justification. They have seen the social stagnation of the plantation workers which they know is the result of the inner workings of the institution called estate. Some liberals, in the name of balanced view, have held that the economic level of the plantation workers was relatively better because of regular wage employment and higher family income. The higher family income is due to the availability of employment for children too. The statistical "proof" of higher family income in the estates notwithstanding, labour scarcities remain in certain estates surrounded by villages. The village people know that the higher family income presupposes a trade off of education of the children and hence a permanent state of immobility for generations. To enter the estate as resident workers would mean social regression to the Sinhala villages. Their reluctance is justifiable.
 - 21 I have discussed the conceptualization of proletarianization and pauperization elsewhere. It may be summed up as follows: Pauperization is a process of impoverishment of the peasant which is accompanied by a continuous decline in real income and often loss of land ownership but there is no qualitative change in the structural position of the agent as he returns to the land as tenant or settler. He may again go through the same vicious circle. Loss of ownership does not necessarily mean loss of access to land as cultivator. The availability of access to land via tenancy or through resettlement, coupled with an absence of wage employment pull powerful enough to absorb the "landless" peasant, perpetuates the circle.
- Proletarianization essentially involves a qualitative shift in the structural position of the agent. The separation of the producer from the means of production (and subsistence) is total and irreversible. He has nothing but his labour power for sale, through which alone he could obtain a wage for subsistence. Having made such a qualitative distinction between the two processes we can speak of an intermediate situation in which peasants may become "semi-proletarians" when they enter independent wage relations outside their direct producer status.

- 22 The data are from a survey of settlers in the Meegalaue and Galnewa areas of system-H, also called H-area, conducted by Prof. Michel de Vroy of the Louvain Catholic University. I was associated with this work which was a part of a joint study on land settlements in Sri Lanka.
- 23 S A B Ekanayake, *op cit.*
- 24 "Banks provide tractor loans to creditworthy farmers up to 80 per cent of the cost, the balance 20 per cent to be advanced by the farmer concerned. In the whole of H-area 51 two-wheel tractors and 43 four-wheel tractors were purchased by settlers up to March (1981)", S A B Ekanayake, *op cit.*
- 25 S S A L Siriwardhana, "Emerging Income Inequalities and Forms of Hidden Tenancy in the Mahaweli H Area", People's Bank, 1981.
- 26 See Piyasiri Wickremasekera, "The Mahaweli Development Programme: Agrarian Change and the Peasantry", 1983 (mimeo).

MANABENDU CHATTOPADHYAY*

RUMA BHATTACHARYYA*

Land, Labour and Credit Relations in a Peasant Movement Belt

SOME ATTEMPTS have been made in recent years by social scientists in our country to analyse the various economic institutions in the rural areas in terms of both market and non-market forces.¹ Amit Bhaduri (1973) attempted to examine the influence exerted by the relations of production on the introduction of improved technology into the agriculture of Birbhum district in West Bengal. The study was based on survey data from 26 villages in 1970. Bhaduri observed the following features of Birbhum agriculture: (a) sharecropping (including the system of *Krishani* cultivation) as the dominant form of tenancy, (b) the perpetual indebtedness of the small tenants, (c) convergence of two modes of exploitation, viz, usury and landownership in the hands of the same landowner and (d) lack of accessibility of the small tenants to the market. According to Bhaduri, such a kind of production relations operates as a barrier to the introduction of improved technology and has more in common with classical feudalism of the master-serf-type than with industrial capitalism.

P H Prasad (1973, 1974) in his studies on production relations in three districts of Bihar (Purnea, Saharsa and Monghyr) supported the view of Bhaduri regarding the semi-feudal relations of production in agriculture. According to the author, all the semi-proletariat households² (based on data of 11 villages in the districts of Purnea and Saharsa) were forced to take consumption loans from the big landowners, as in most cases they were not able to meet their minimum consumption needs from their earnings. The rates of interest on such loans were so high that they could hardly repay. Thus, as their debts accumulated over the years they were compelled to sell their small parcels of land (if any) to their landlords. In spite of selling their lands, in most cases they were not able to discharge completely their debt obligations. Thus, the landlords could force upon their direct producers in agriculture a system of unequal exchange, thereby deriving enormous economic

*Sociological Research Unit, Indian Statistical Institute, Calcutta.

benefits in such forms as cheap and assured labour and better terms for leasing out land. This has resulted in the semi-proletariat of the agricultural sector being gradually deprived of their lands. From these observations, Prasad concluded that "usurer's capital plays a historically reactionary role which is not only responsible for low use of means of production and inimical to net investment in the agricultural sector but is also responsible for widespread poverty, debt slavery and semi-feudal bondage."

Yet another study carried out on this problem is that of T V N Kurup (1976). His study was based on a survey of Trivandrum taluk of rural Kerala. He observed that the non-institutional agencies like professional moneylenders, friends and relatives etc in the villages dominated the rural credit market. The wage-earning class depended heavily on non-institutional sources of credit. Friends and relatives often provided credit to them on terms and conditions similar to those of professional moneylenders. The cost of credit was, however, inversely related to the economic status of the borrowers resulting thereby in the greater attachment of wage-earning class to their respective employers in comparison to the other classes in the agrarian hierarchy.

A fairly large-scale survey in Eastern India³ conducted in 1975-76 provided data about different aspects of various types of labour and tenancy contracts (Bardhan and Rudra). The data showed that the practice of taking consumption loans from the employer was quite common amongst both labourers (daily contracts and annual contracts) and sharecroppers. Loans taken by the labourers were, however, occasionally interest free; sometimes interest was charged by way of paying wages lower than market rates. Tenants taking consumption loans from the landlords was also common, but loans provided to the tenants did not usually imply unpaid and obligatory service by the tenant for the landlord. Moreover, a significant proportion of landlords in the three regions provided interest-free production loan to the tenants and a strong association between cost-sharing and giving of production loans by the landlords could be observed. They thus concluded that the landlord-tenant as well as employer-labour relationships do not necessarily indicate that usury dominates as the mode of exploitation and that the landlord's concern for usurious income from the indebted tenant does not hamper his incentive to encourage productive investment.

Khasnabis and Chakravarty (1982) who undertook a survey on tenurial arrangements in Nadia district of West Bengal did not find any strong interlinkage between tenancy contracts and credit contracts. They observed that the typical landlords did not enter into usury practices with their tenants who nevertheless needed both production and consumption loans. The credit market was found to be dominated by the non-landlord loan-givers (e.g., traders, professional moneylenders etc) and not by the landlords. Thus, the findings of Khasnabis and Chakravarty seem to be consistent with the findings of a large-scale

survey undertaken by Bardhan and Rudra (1978).

We ourselves undertook a survey on tenurial arrangement in Naxalbari, Kharibari and Phansidewa regions of West Bengal (Chattopadhyay and Ghosh, 1983). We, however, found a strong interlinkage between tenancy contracts and credit contracts. We also observed that the existence of an interlinkage between tenancy and credit contracts could be explained more efficiently by the lack of entrepreneurial and innovative role of the landlords.

Most of the studies cited above have viewed the interlinkage approach narrowly, i.e., in terms solely of tenancy and credit contracts. Their analyses in this context rest on the view that sharecropping is a device for extracting a surplus from the peasantry on the basis of two modes of exploitation—exploitation based on the landowner's traditional property in land as well as that based on usury. The essential features of the interlinkage approach however are associated with the appropriation of surplus not only in the form of ground rent and usury, but also in the form of unpaid labour services of the labourers by the landlords through providing loans. This aspect of labour relations has received little importance in the studies described above. Except for Bardhan and Rudra (1978), the empirical relevance of the interlinkage approach has not been examined in a comprehensive manner, i.e., in terms of studying the problem through the terms and conditions of contracts in tenancy, wage-labour and credit transactions. The purpose of the present paper is to examine the interlinkage approach in terms of a comprehensive framework of land, labour and credit relations.

While judging the empirical relevance of such an approach, one should note that the said approach purports to consider the imperfections in the relevant factor markets which might get reinforced by backward production conditions as well as by the political events and social situations of conflict in the countryside.⁴ The movement belt-specific survey which also characterises the backward production conditions can therefore be advantageously utilised for judging the empirical soundness of the interlinkage approach.

Data and Selection Criterion

Our present paper on land, labour and credit relations is based on a socio-economic survey in a frontier region of Siliguri Sub-division (covering Phansidewa, Kharibari and Naxalbari police stations). This region was characterised by large-scale peasant mobilisation and revolt which occurred a decade and a half ago.

In an earlier phase of our survey as we have mentioned in our previous paper (Chattopadhyay and Ghosh, 1983) the area under investigation was classified into two broad strata according to the relative presence or absence of the peasant movement in 1967. We found that some villages under these three police stations were influenced greatly by the peasant mobilisation and some villages were relatively or absolutely free

from it. In fact, out of 32 *moujas* (revenue units) consisting of 90 *jotes* (villages) under these three police stations (selected on the basis of a PPS sample),⁵ only six villages could be identified as 'movement villages'. By taking an equal number of matched 'non-movement' villages from our original sample, some comparisons have been made on some aspects of agrarian relations between these two types of villages (Chattopadhyay and Ghosh 1983). For this purpose, we collected data from households of landowners, labourers and tenants.

Since such a methodology of data collection was considered not sufficient for an adequate comprehension of the various rural structures and their relationships in terms of caste, class, ethnicity, ideology etc, as well as their influence on peasant mobilisation, it was felt necessary to conduct a more intensive survey of the movement villages which were also characterised by substantial concentration of all types of agrarian categories. Thus, following this consideration, three *moujas* (one from each police station) consisting in all eight *jotes* were further selected from our original sample of movement and non-movement *moujas*. Although only two were from the movement *moujas*, in effect, the third non-movement *mouja* also subsequently came under the influence of the movement. Hence we have treated it here, to be realistic, as equivalent to a movement *mouja*. All the households belonging to the agrarian as well as non-agrarian categories in these villages (*jotes*) were completely enumerated. Most of the questions in this investigation relate to social, economic and political networks over and above the terms and conditions of land, labour and credit contracts prevailing in the village/*jote*.

Our present paper is based on the data of agricultural households only. A comprehensive study taking all the households (both agricultural and non-agricultural) of these eight villages in the three *moujas* is under way. This paper has covered data which are only related to the terms and conditions of labour contracts, tenurial contracts and credit arrangements reported both by the landlord and by the labourer/tenant.

We have presented our results of analysis on land, labour and credit contracts in the following sections. The results presented cover 231 owner, 69 tenant and 102 labour households in the eight villages of the region under study.

The Landowners

Various classes of landowners (in terms of size-class of ownership holding and operational holding) discussed in this section pertain to the major crop produced in this area, viz, cultivation of early *Kharif* paddy (*Aus*) or jute on highlands and *Kharif* paddy (*Aman*) on lowlands. Incidence of double or multiple cropping on the lands is almost insignificant. Productivity per acre of paddy crop ranges between 12 and 21 maunds.

Table I gives the size distribution of land owned by the households of the villages under study.

TABLE I
DISTRIBUTION OF LANDOWNING HOUSEHOLDS BY SIZE CLASS OF
OWNERSHIP HOLDING (IN ACRE)

<i>Class of landowners by size group of ownership holding (in acre)</i>	<i>No. of households</i>	<i>Cultivated area under possession (in acre)</i>	<i>Average cultivated area per household (in acre)</i>
1	2	3	4
Upto. 2.50	135 (58.44)	175.47 (27.11)	1.30
2.51 - 5.00	69 (29.87)	258.03 (39.87)	3.74
5.01 - 7.50	15 (6.49)	88.81 (13.72)	5.92
7.51 & above	12 (5.20)	124.92 (19.30)	10.41
All classes	231 (100.00)	647.23 (100.00)	2.80

NOTE:- Figures in brackets indicate percentage distribution.

We observe that the households, reporting land-ownership mostly belong to the marginal and small peasant categories. Out of 231 land-owning households, only 27 households (i.e., 11.69 per cent of total households) belong to the middle and big peasant categories. These 27 households possess 33.02 per cent of total cultivated area with an average of 7.91 acres per household.

We further observe from Table II that out of 231 landowning households only 59 households enter into the land lease market in terms of either leasing in or leasing out of land. Of these 59 households, 13

TABLE II
DESCRIPTION OF LANDOWNING HOUSEHOLDS IN TERMS OF THEIR
ASSOCIATION WITH LAND LEASE MARKET

<i>Class of land- owners by size group of owner- ship holding (in acre)</i>	<i>No. of households entering into the tenancy market through</i>		<i>No. of households not entering into the tenancy market but identified as</i>			<i>Total</i>
	<i>Letting- out land</i>	<i>Leasing- in land</i>	<i>Pure owners</i>	<i>Owner-cum- labourers</i>	<i>Owner-cum- other activities</i>	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Upto 2.50	0	37	23	55	20	135
2.51 - 5.00	7	6	44	11	3	71
5.01 - 7.50	2	2	6	1	2	13
7.51 & above	4	1	7	0	0	12
All classes	13	46	80	67	25	231

households fully or partly let out their lands (i.e. have tenants) and the rest of the households partly lease in land from others (i.e. owner-cum-tenant cultivators). Among the remaining 172 landowning households, 80 households are purely owner cultivators (i.e. not entering any other market) and the remaining 92 households enter either the labour market through hiring out their labour or do service or petty business in the non-agricultural sector. This indicates that tenancy is not now the predominant feature of the agrarian structure in this region.

An interesting finding that comes out from Table II is that it is the small landowners who lease out land to a larger extent compared to the total land letting out cases, contrary to the popular belief that the incidence of letting out land by the small farmers is negligible. The backward nature of agriculture and the meagre resource base of the majority of small landowning households have sometimes forced them into "distress lease" and made them join the swelling ranks of agricultural labourers. The tenants attached with such type of landowning households naturally do not represent debt-slavery and semi-feudal bondage.

With respect to the involvement of households in the labour market, the households have been divided into three broad categories in terms of hiring-in and hiring-out labour, as may be seen from Table III. There are 63 households (i.e. 27.27 per cent of total households) reported to be depending exclusively on family labour-based cultivation and not being hired out, which neither exploit outside labour nor are exploited by others. Thus, these households do not enter the labour market, not because they are indifferent to such employment but because limited opportunities have restricted it. However, our data show that the majority of households (72.73 per cent of total households) enter the labour market either as purely employer (58 cases), or purely employee (90 cases) or both as employer and employee (seven

TABLE III
DESCRIPTION OF LANDOWNING HOUSEHOLDS IN TERMS OF THEIR
ASSOCIATION WITH LABOUR MARKET

Class of land-owners by size group of ownership holding (in acre)	No. of households entering into the labour market through			No hiring in and hiring out	Total including not available
	Hiring in but no hiring out	Hiring out but no hiring in	Both hiring in and hiring out		
(1)	(2)	(3)	(4)	(5)	(6)
Upto 2.50	12	77	3	32	135
2.51 - 5.00	28	13	3	25	69
5.01 - 7.50	11	0	1	2	15
7.51 & above	7	0	0	4	12
All classes	58	90	7	63	231

cases). Interestingly, the purely employer group mainly belongs to the categories of marginal and small peasants. These households were also reported as doing non-agricultural activities and their family size was so small that their cultivation was done mainly by the hired labourers.

From the above findings, it is clear that the labourers may not necessarily be employed by the relatively bigger landowning households of this region. This is, once again, contrary to the findings of conventional analysis.

Now, let us see how the people of different caste/communities have entered into the landowning structure of this region. Presented in Table IV are the results of our analysis.

TABLE IV
DISTRIBUTION OF HOUSEHOLDS ACCORDING TO CASTE/COMMUNITY
AND LANDOWNING CLASS

Class of land- owners by size group of owner- ship holding (in acre)	Caste/community affiliation of households					Total
	Scheduled Caste (Raj- bansi, Biswa- karmakar etc)	Scheduled Tribe (Oraon, Munda etc)	Nepali	Others	Not availa- ble	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Upto 2.50	94 (69.63)	30 (22.22)	2 (1.48)	7 (5.19)	2 (1.48)	135 (100.00)
2.51 - 5.00	43 (62.32)	18 (20.09)	0	7 (10.15)	1 (1.44)	69 (100.00)
5.01 - 7.50	9 (60.00)	2 (13.33)	1 (6.67)	2 (13.33)	1 (6.67)	15 (100.00)
7.51 & above	9 (75.00)	1 (8.33)	0	2 (16.67)	0	12 (100.00)
All classes	155 (67.10)	51 (22.08)	3 (1.30)	18 (1.79)	4 (1.73)	231 (100.00)

NOTE:- Figures in brackets indicate percentage of total households against each class of landowners.

Table IV shows that the majority of landowning households of all classes belong to the Scheduled Caste community (mainly Rajbansi). Thus, cultivable land markets of this region are largely dominated by the people of certain Scheduled Castes, which is not typical of other places in West Bengal where landowners, particularly larger ones, belong to the high castes and smaller ones by and large belong to the lowest rungs of the social hierarchy (Chattopadhyay, 1982). Thus, the pervasiveness of a community in the land market is a unique feature of this region and the interrelationship of land, labour and credit relations in this region should be comprehended in this perspective also. We may now turn to examine the households belonging to the tenant category

and see how the terms and conditions of tenancy contract are affected, if at all, by credit contracts.

The Tenants

We could trace 46 landed tenants, given in Table II, in the eight villages under study. Apart from the landed tenants, we could identify a number of landless tenants (23 households) from these eight villages. Thus we could trace a total of 69 tenant households who were associated with 54 landowning households. Out of these 54 landowning households, 13 were located in the sampled villages and the rest outside the sampled villages. Since in some cases one landlord employed more than one tenant and similarly one tenant served more than one landlord, we can enumerate 81 cases from which lessor-lessee relationship can be examined.

We observe that the majority of tenants (63 out of 69) are either landless or marginal peasants and they have poor asset base in terms of ownership of landholding. This means that they have poor bargaining power vis-a-vis their landlords who have, in a majority of the cases, superior asset base in terms of their ownership holding. In the absence of superior bargaining power of the majority of tenants, it can be conjectured that the terms and conditions of contract will be in favour of the landlords. Our data presented in Table V corroborate this conjecture.

TABLE V
ASSOCIATION BETWEEN CROP-SHARE AND COST-SHARE

<i>Crop-share (Lessee:Lessor)</i>	<i>Cost borne by the tenant only</i>	<i>Cost by both owner & tenant</i>	<i>Total</i>
(1)	(2)	(3)	(4)
50:50	4	41	45
75:25	31	0	31
Note clear	5	0	5
Total	40	41	81

Table V shows that a large number of cases (45 out of 81) are associated with the 50:50 crop-sharing arrangement with the existence of tenant's cost-share. We have indicated elsewhere that this kind of sharecropping arrangement is usually highly exploitative.⁶ The 75:25 crop share with costs borne fully by the tenant is considered as the post-reform form of tenancy and indicates a relative freedom of the tenant in production relations. Interestingly, our data indicate that a relatively higher proportion of landed tenants is associated with the 75:25 tenancy type, whereas a relatively higher proportion of landless tenants who have poor bargaining power also, seems to be associated with the exploitative form of tenancy (Table VI). Thus, these two different patterns of tenurial arrangements with respect to

two different classes of tenants suggest that dominance of landlords over the tenants in general, over the landless tenants in particular, is a phenomenon of this region.

TABLE VI
INCIDENCE OF CROP AND COST SHARES AMONG THE TWO TYPES OF TENANTS

<i>Types of tenants</i>	<i>Tenants receiving 50 per cent of crop and bearing full or some costs of cultivation</i>	<i>Tenants receiving 75 per cent of crop and bearing full cost of cultivation</i>	<i>Total number of cases including other types</i>
(1)	(2)	(3)	(4)
Landless	18 (66.66)	7 (25.92)	27 (100.00)
Landed	27 (50.00)	24 (44.44)	54 (100.00)

NOTE: Figures in brackets indicate percentage of total number of cases against each type of tenant.

Let us now try to consider the two patterns of association between landlords and tenants, described above, in terms of their caste/community affiliation.

Table VII shows that in the majority of cases lessor-lessee relations of two tenurial types are circumscribed within the same community. In other places in West Bengal, it has been observed that the lessor-lessee relations are different not only from economic

TABLE VII
RELATIONSHIP BETWEEN TENANT AND LANDLORD IN TERMS OF CASTE/COMMUNITY AND TENURIAL CONTRACTS

<i>Types of contracts</i>	<i>No. of tenants serving the landlords of</i>		<i>Total including NA</i>
	<i>Same community</i>	<i>Different community</i>	
(1)	(2)	(3)	(4)
Tenant receiving 50% of crop share by bearing full or some cost of cultivation	25 (55.55)	19 (42.22)	45 (100.00)
Tenant receiving 75% of crop share by bearing full cost of cultivation	17 (54.84)	12 (38.71)	31 (100.00)
Not clear cases	4 (80.00)	1 (20.00)	5 (100.00)
All types	46 (56.78)	32 (39.50)	81 (100.00)

NOTE: Figures in brackets indicate percentage of total number of cases against each tenancy type.

point of view but also in terms of social hierarchy. The *terai* region of North Bengal is, however, an exception to this.

Coming now to the data on incidence of credit with respect to the types of tenurial contracts described above, it is seen from Table VIII that the majority of tenants belonging to the 50:50 form of tenancy type (24 out of 45, i.e., 53 per cent) receive loans from their landlords. The incidence of credit in the cases of tenants belonging to the 75:25 form of tenancy type is exceedingly small (four out of 31, i.e., 13 per cent). Thus, our data indicate that the 50:50 crop-sharing arrangement not only assures a better share of the produce for the landowners but also provides them with an opportunity to enter into the credit market for higher profit.

TABLE VIII
SOURCES OF CREDIT FOR VARIOUS TYPES OF TENURIAL CONTRACTS

<i>Types of contracts</i>	<i>Private (landlord)</i>	<i>Institu- tional</i>	<i>Not get- ting loan</i>	<i>Total</i>
(1)	(2)	(3)	(4)	(5)
Tenant receiving 50% of crop-share by bearing full or some costs of cultivation	24 (53.33)	0	21 (46.67)	45 (100.00)
Tenant receiving 75% of crop-share by bearing full cost of cultivation	4 (12.90)	0	27 (87.10)	31 (100.00)
Not clear cases	1 (20.00)	0	4 (80.00)	5 (100.00)
All types	29 (35.80)	0	52 (64.20)	81 (100.00)

A class-wise break-up of tenants by the incidence of credit further reveals from Table IX that the incidence of credit is higher among the landless tenants than the categories of landed tenants. Landless people are found to participate more in the credit market obviously not because they are more creditworthy, but their credit requirement is higher compared to the landed tenants for their very economic subsistence. Landlords very often take advantage of their economic position and they frequently push the tenants into unequal relationship of dependence through providing loan. This has been possible particularly due to the negligible role of institutional credit to the landless population.

Coming now to the data on incidence of credit from landlord source with respect to consumption and non-consumption loan separately, presented in the same table, we find that 25 out of 29 tenants have taken consumption loan among whom landless tenants predominate. The corresponding figure for non-consumption loan (i.e., loan for expenses on production mainly) is four of which all are those of landed tenants.

TABLE IX
TYPE-WISE BREAK-UP OF CREDIT FROM LANDLORD SOURCE BY
CLASS OF TENANTS

Class of tenants by size-group of owner- ship holding (in acre)	Consumption		Non-consumption		Total no of tenants
	With interest	Without interest	With interest	Without interest	
(1)	(2)	(3)	(4)	(5)	(6)
0	11	4	0	0	15
0.01-2.50	8	2	0	1	11
2.51-5.00	0	0	0	2	2
Above 5.00	0	0	0	1	1
All classes	19	6	0	4	29

This finding is indicative of the presence of productive investment through production or non-consumption loan from the landlords by the landed tenants. However, the relatively higher incidence of consumption loan among a large number of landless tenants indicates that the majority of landowners are not interested in productive investments in agriculture but to extract profit through usury.

The consumption loans taken by the tenants are in most cases not interest free. The rate of interest, as reported by the tenants, is exorbitantly high varying between 50 and 100 per cent per year. The credit market of this region is thus dominated by the class of landowners who in most cases possess large ownership holdings. Thus, our data on tenancy, by and large, support the hypothesis that a land lease contract is linked with a credit contract at least in the case of big landlords residing in the agriculturally backward areas. We may now turn to the analysis of labour contracts prevailing in the villages under study.

The Labourers

A sizable section of labourers (63), as may be expected, reported themselves landless. However, as many as 39 reported holding small parcels of land, and hence they may be termed as landed labourers. Thus, in all we identified 102 labour households consisting of both landless and landed labourers from our sample villages. It is interesting to note that we did not encounter a single case where the labourer was attached for a period of one year to a single employer. Thus, the employer-labour relations considered in this section pertain to such type of labourers who worked on a daily contract basis and served simultaneously more than one employer during the period of one year (known as casual labourers).

Generally, the terms and conditions of employment of casual labourers indicate that they are employed for a day or for a sequence of days and are paid daily wages in both cash and kind for different types of farm and non-farm work in almost all the seasons of an agricultural

year. Since they are offered employment on an *ad hoc* basis, they are free to choose any employer for this purpose. One might expect in such a situation that a casual labourer will serve a large number of employers during an agricultural year. Our data, however, do not corroborate this view as may be seen from the following analysis.

We find from our data, presented in Table X, that the daily contract labourers of this region can be classified into three broad types in terms of their involvement with the number of landlords. There were 48 households who reported that they served less than five employers around the major part of the year. They have been termed as 'semi-attached' labourers—'semi' in the sense that they were not attached fully to a single employer for the whole year, but were also presumably not in a position to go to a large number of employers during the year. From this point of view, it will be misleading to treat them either as purely casual labourers or as purely attached labourers. Table X shows that this is the prevalent type of labourers in the sample.

TABLE X

TYPES OF DAILY CONTRACT LABOURERS IN AGRICULTURE BY LANDOWNERSHIP AND NUMBER OF EMPLOYERS SERVED

Types of labourers by no of employers served	Number of labourers.		Total
	Landless	Landed	
(1)	(2)	(3)	(4)
Type I: Less than 5	42 (56.76)	32 (43.24)	74 (100.00)
Type II: More than 5	21 (75.00)	7 (25.00)	28 (100.00)
All types	63 (61.76)	39 (38.24)	102 (100.00)

NOTE: Figures in brackets indicate percentage of labourers against each type.

As many as 28 labourers generally satisfied the concept of 'casual labourers' and thus they have been termed as 'purely casual labourers'. Interestingly, the landless labourers, of all the types predominate the labour market as a whole.

TABLE XI

EMPLOYER-LABOURER CASTE/COMMUNITY AFFILIATION

Types of labourers by no of employers served	Employer-labourer belong to the		Total
	Same community	Different community	
(1)	(2)	(3)	(4)
Type I: Less than 5	120 (74.53)	41 (25.47)	161 (100.00)
Type II: More than 5	2 (16.25)	0	32* (100.00)
All types	122 (63.22)	41 (21.24)	193 (100.00)

*Information on 30 cases is not available.

We had mentioned earlier that labourers in agriculture in different parts of West Bengal generally belong to a community which is different from that of their employers. Thus, distinct caste/community groups are more or less graded according to their economic position. For example, high and middle castes generally own a fair amount of cultivable land; whereas lower castes and tribal people generally belong to the wage-earning and sharecropping occupations. Our North Bengal experience is, however, different from this. Our data, presented in Table XI, show that the two classes—a class of landowners (or employers) and the class of labourers (employees)—exist to a large extent within the same community in this region.

Let us now examine the role of credit in the two types of labour contracts described above. We observed that only seven labourers out of 102 (i.e., about 7 per cent) entered the credit market as receivers of consumption loan. It is reported that no labourer received non-consumption loan (i.e., loan for expenses on production, ceremonial purposes etc) from any source. Out of the seven debtors, only four received loan from their employers (or landowners) among which the labourers belonging to Type II (i.e., purely casual labourers) predominate. The corresponding figure for non-employer source (e.g., moneylenders, traders etc.) is three of which all are those of Type I (i.e., semi-attached labourers).

We further observed that out of four cases of consumption loan, only one labourer mentioned employer as the source of credit charging interest. The corresponding figure in the case of non-employer source is one out of eight. These observations clearly indicate that the indebtedness of the labourer to his employer is uncommon in this region. Non-employer loan givers are also not interested in entering into the usury practices, particularly with the labourers.

It is, however, quite often argued that as the labourers generally do not have any other surety except their labour power to offer against loans, they do not get loans even from their employers. But in order to ensure a steady supply of labour required by the employers, the labourers sometimes are offered wage advances against future commitment of labour. Where the labourer takes advances from his employer, he works at lower than market wage rate as adjustment towards repayment. The payment of interest thus takes the form of wage cut and in this way the employer indirectly enters into usury practices with the labourers. Thus, the employer's need for a dependable and readily available source of labour supply and considerations of usurious income derived from labourers provide the major motivation for such type of labour contracts. Our data presented in Table XII do not however corroborate this view fully.

Table XII shows that of the 102 labourers, 37 were reported to have worked at lower than market wage rate. Out of the 37 reduced wage-receivers, 10 were reported to have secured wage advances from

TABLE XII
INCIDENCE OF DAILY CONTRACT LABOURERS GETTING WAGE LOWER THAN
MARKET RATE

Types of labourers by no. of employers served	Number of labourers	
	Getting wage lower than market rate	Working at lower than market wage rate for repayment of wage advance
(1)	(2)	(3)
Type I: Less than 5	18	6
Type II: More than 5	9	4
All types	27	10

the employers against future commitment of labour. Thus, about 10 per cent of total labourers are in a system of unequal exchanges in the sense that the employers of such labourers enjoy economic benefits in the form of both cheap and assured labour. But in the majority of cases (about 90 per cent), the employers are not interested in investing their capital for usurious income from the indebted labourers. On the contrary, our data indicate that due to the desperate conditions of poverty and unemployment in this region, a significant proportion of labourers (27 out of 102, i.e. about 25 per cent) is bound to do work at lower than market wage rate for their very economic subsistence. In view of the backward nature of agriculture of this region and the greater availability of family labour in the landowning families who have also no social prejudice against doing manual work in agriculture, the demand for hired labour for cultivation is very poor. Therefore, the question of securing labour supply by providing wage advances to the labourers does not apply to any significant extent in this place. Moreover, the relation between the employer and the daily-contract labourer is not personalised enough in character. It is, therefore, not a safe proposition for the employers to provide credit to the labourers without any surety. Since most of the labourers are not able to provide surety, they are deprived of much needed credit. For these reasons, it can be said that the labour market in this region is clearly *delinked* from the non-institutional credit market.

Interlinking or Selective Linking

It has been argued that the role of credit in linking labour and tenancy to land and capital leads to a situation of interlocking of the three markets. Thus, the landowner leasing out land to the tenant further reinforces this linkage by providing credit to him. Similarly, given the circumstances, he would like to reinforce the relationship by which the landowner not only is able to maintain an assured labour supply but augments profits through usury. Combined with other cultural elements of the structure we derive a notion of some kind of a feudal structure of dominance and related system of production.

To what extent does this explain the agrarian structure in the *terai* region of North Bengal? If we can argue that the landowner combines in him both the roles of the lessor and the creditor, and that these roles are pervasive enough to include not only his tenants and labourers as debtors but also to include other debtors, then, empirically, the interlinkage model stands undiluted. However, in the North Bengal *terai* we find, from the above analysis, that generally the landowner, when he happens to extend credit, does so only to his own tenants and refrains from extending any credit even to his labourers. Thus while he is extending credit to selective individuals linked with him in the productive process, he is *not* a usurer. Hence the interlinkage model falls short of a satisfactory characterisation of the agrarian structure in the *terai* region. We are inclined to believe that it may be more fruitful to denote this phenomenon as one involving "delinking" or "selective linking" of credit with land and labour. That the situation here seems to be different does not look all that odd when we examine the historicity of the settlement pattern in a non-regulated area composed of distinct ethnic communities, and where inter-class transactions are often circumscribed within the same ethnic community. However, this aspect of the observations requires detailed treatment.

This paper is based on the data collected from the ongoing project, "Conflict, Structure and Change: Explorations in the Study of Agrarian Social Systems", jointly directed by Professor Parthâ N Mukherji and Dr Manabendu Chattopadhyay. We are thankful to Professor Mukherji for his valuable comments and suggestion.

1 Some of the noteworthy works are:

P Bardhan, and A Rudra, "Interlinkage of Land, Labour and Credit Relations: An Analysis of Village Survey Data in East India", *Economic and Political Weekly*, Vol 13, No 6 & 7, February 1978.

A Bhaduri, "A Study in Agricultural Backwardness under Semi-feudalism", *Economic Journal*, March 1973.

K Bharadwaj, *Production Conditions in Indian Agriculture: A Study Based on Farm Management Surveys*, London, Cambridge University Press, 1974; *On Some Issues of Method in the Analysis of Social Changes*, Prasanga, University of Mysore, 1980.

M Chattopadhyay, *Mahalanobis Survey Revisited: Prospects of Agrarian Change in West Bengal*, Calcutta, Indo Overseas Publications, 1982.

M Chattopadhyay and S Ghosh, "Tenurial Contracts in a Peasant Movement Belt: Field Survey Data on Naxalbari, Kharibari and Phansidewa Regions", *Economic and Political Weekly*, Vol 18, No 26, June 1983.

N Chattopadhyay and A Chatterjee, "Agrarian Relation in a North Bengal Peasant Movement Belt: Historical Evolution and Contemporary Situation", working paper of Sociological Research Unit, Indian Statistical Institute, Calcutta, 1983.

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T V N Kurup, "Price of Rural Credit: An Empirical Analysis of Kerala", *Economic and Political Weekly*, Vol 11, No 27, July 1976.

P H Prasad, "Reactionary Role of Usurers' Capital in Rural India", *Economic and Political Weekly*, Vol 9, Special Number, August 1974.

- 2 Prasad conceptualised the semi-proletariat households as follows: "The households who cultivate land mainly with the help of their family labour and at the same time supply labour to the other cultivating class. Some of them own some cultivable land; quite a significant number lease in land mostly on crop-sharing basis; sizeable section is landless agricultural labourer."
- 3 The survey covered about 277 randomly chosen villages in West Bengal; Bihar and some of the eastern districts of Uttar Pradesh. The numbers allocated to these three regions were 110, 101 and 66, respectively.
- 4 This point has been emphasised by Bharadwaj (1980) when discussing about the characteristics of the Indian rural situation.
- 5 For further details regarding the sample selection, see Chattopadhyay and Ghosh (1983).
- 6 For a detailed discussion of the point, i.e., how the 50-50 sharecropping system in this region crystallised over a period of time into an *exploitative* type, but not always oppressive variety, see Chattopadhyay and Ghosh, "Tenurial Contracts in a Peasant Movement", *op cit*, and Chattopadhyay and Chatterjee, "Agrarian Relation in a North Bengal Agrarian Movement Belt", *op cit*.

SATYA DEVA*

Problems of Rural Development in "Green Revolution" Areas

THE PROBLEM of rural-urban disparities has received a good deal of attention in recent years. Indian villages are so underdeveloped—economically, politically and socially—that not only do the villagers suffer continually, but also educated people generally refuse to work in the villages and help them to develop. What is more, this disparity tends to grow. Poor villagers who migrate to cities have to live in slums and work on low wages in unorganized industries, as construction labourers, rickshaw-pullers etc. without the protection of labour legislation. Despite planning, the number of poor has been growing in India, both absolutely and relatively. In the Sixth Plan document, those below the poverty line are estimated to constitute 48 per cent of the population. Within the villages also, the disparity between the rich and the poor has been growing due to the unemployment of many erstwhile artisans like weavers, and the conversion of small or marginal farmers into landless labourers.

The Community Development programme was an ostensible attempt to deal with these problems. However, it was soon realized that the bureaucracy could not be the main instrument of development. The bureaucracy did proliferate without fulfilling the objectives of the programmes. *Panchayati raj* was introduced with the object of bringing about "democratic decentralization". But real grass-root democracy was never achieved; for, the *panchayat* functionaries were often the nominees of political bosses at higher levels; at other times *panchayati raj* bodies remained superseded. Further, corruption of both politicians and civil servants interfered with development: the loans, subsidies, raw materials and implements meant for poor farmers and artisans rarely reached them. This has been the experience of the working of the Integrated Rural Development Programme also.

The different aspects of the problem of distorted development of rural areas have been studied in the specialized disciplines of economics, politics, sociology, and so on. However, it is now being realized that

*Professor, Department of Public Administration, University of Punjab, Chandigarh.

such segmented approaches fail to provide an integrated view of the social reality. In the following, we shall attempt to understand the problems of rural development as they have emerged in the course of our recent history, mainly in Punjab and Haryana.

Colonial Heritage

Colonialism may be said to be the root cause of the great disparity between India's villages and towns. The foreign rulers brought about great concentration of wealth, power, education and social status in their hands through centralized administration. Commercialization of agriculture, entry of British capital into extractive industries, unequal exchanges associated with colonial exploitation and trade, command of the British over the Indian financial structure had led to the drain of its valuable resources while at the same time leading to a pauperization of the peasantry and a widening of gulf between cities and villages.

Economic exploitation of village India by the British required control over the peasantry, preferably through intermediaries. Hence the British buttressed a class of landlords who acted as their agents. The exploitation of the peasantry by the landlords became the source of "revenue" for the British government, and the foundation of the new agrarian system. The land concentration which emerged and the power structure which was built upon it constituted the background which accounted for the failure of land reforms since independence. Flouting the land reforms, a large number of erstwhile landlords have managed to retain large areas of land as *sir*, *khudkasht* or *khas*.

In Punjab and Haryana a major problem had been the exploitation of tenants. Thus it was recommended in the First Five Year Plan that the maximum rent should not exceed one-fourth to one-fifth of the gross produce, compared with one-third in Punjab and Haryana. It has been noted in the Sixth Plan that Punjab and Haryana have not been able to implement the recommendation through legislative measures.¹ Mass eviction of sharecroppers goes on, since they are not covered by the term "tenant" in Punjab and Haryana, as is also the case in some other states.

This is an important loophole in the tenancy legislation according to the National Commission on Agriculture.² The Commission has also noted that tenancy can be unjustifiably terminated in Punjab and Haryana for reasons such as failure to cultivate in the manner and to the extent customary, or to execute an agreement. Further, there are no provisions for the regulation of surrenders in Punjab and Haryana. The Commission has noted that "surrenders" have become the biggest instrument in the hands of the landowners to deprive tenants of their due protection. The so-called 'voluntary surrenders' are hardly ever voluntary.³ Another major provision, which, according to it, has worked to the detriment of tenants is the law regarding resumption of land by landowners. In Punjab and Haryana, landowners were allowed

to resume land up to the ceiling limit. Further, the Sixth Plan notes that in regard to the conferment of ownership rights on cultivating tenants, the existing legislation in Haryana and Punjab, as well as in some other states, "still falls short of the accepted national policy".⁴ The National Commission has noted that the implementation of even the existing laws has been "extremely unsatisfactory. Ceilings were seriously evaded. In anticipation of ceilings, the big landholders resorted to partitioning of their holdings and fictitiously transferring them in pieces to other individuals through what is called 'benami' transfers on a very large scale, with the result that the state government could secure very little surplus land for distribution among the poor."⁵

Hence an essential step for rural development is more effective land reform. It needs to be appreciated that the concentration of land ownership has economic, political, social and cultural repercussions. Thus the concentration of power makes the working of democratic institutions like *panchayats* into a mockery. Socially, there is a correlation between lowness of caste and landlessness. Culturally, the prevailing agrarian structure has been the breeding ground of obscurantism. Political, social and cultural development can therefore take off only by doing away with the remnants of feudalism.

Capitalism in Agriculture

In Punjab and Haryana capitalism has tended to develop in agriculture. There are some big farmers who mainly depend upon farm labour, as distinguished from the majority who rely mainly on family labour, supplemented, in the case of the better-off ones, by migrant labour during sowing and harvesting periods. There are great inequalities in farm size between the biggest and the smallest farmers. Thus in a comprehensive survey of Punjab agriculture made in 1975-76, Bhalla and Chadha found that in a total sample of 1663 households, there were 140 (8.4 per cent) having marginal farms of the average size of 1.6 acres, while there were 74 (4.4 per cent) large farms of the average size of 32.8 acres.⁶ Thus the biggest farms were, on an average, about 20 times the size of the smallest ones. Such inequalities are often justified on the grounds of higher productivity of large farms. However, it is interesting to note that the annual agricultural income from each acre of land was Rs 754.50 in the case of the smallest farms and Rs 740.40 for the largest ones. In other words, there is evidence to show that the smallest farmers are atleast as productive as the biggest ones. Hence, in terms of production efficiency, such inegalitarian distribution of land cannot be justified.

As for income distribution, we find that the total yearly farm income of the smallest farmer's household was only Rs 1,231 while that of the biggest one was Rs 24,283. In other words, the small farmer who was no less productive than the biggest one, and whose whole family worked on the farm, was much poorer than the one who hardly ever

worked himself. The question we face, then, is whether there is any justification for the 20 times higher farm income of the big farmer.

It is notable that the small farmer was working much harder to supplement his income through dairying, poultry farming, and working as a labourer for others. About 65 per cent of his total income was derived from non-farm activities, compared with only about 13 per cent in the case of the big farmer. Further, the gross investment in farm assets per acre was about Rs 60 in the case of the smallest farmer as compared with Rs 85 for the biggest one. Thus the investment by the smallest farmer was about 5 per cent of the household income from the farm, while in the case of the biggest one, it was less than half per cent. This suggests that a more equitable distribution of land would lead to a much larger investment in the farm, and hence a stupendous rise in productivity. The possibility of a truly revolutionary rise in productivity flowing from greater equality in land ownership has been all but missed; this rise is likely to be greater than that achieved in the so-called 'green revolution'. It is high investment in agriculture which has led to high productivity in countries like Japan; there is no reason why India cannot attain similar levels of productivity once the prevailing land and asset concentration is broken.

The pattern of consumption in Punjab presents an unsatisfactory picture, considering that it is the most prosperous state in India. The Bhalla-Chadha survey revealed that about one third of the marginal farmers (cultivating up to 2.5 acres), one fourth of the small farmers (between 2.5 and 5 acres) and one fifth of the medium farmers (between 5 and 7.5 acres) were living below the poverty line, or, in other words, were living on a starvation diet. In the total sample of 1663, there were 140 (8.4 per cent) marginal farmers, 326 (19.6 per cent) small farmers and 404 (24.2 per cent) medium farmers. On the whole, more than 16 per cent of the farming households were living below the poverty line. If we add the 16 per cent households of landless labourers, we get a distressing number of poor households in the most "developed" State of Punjab.

Marginal farmers have to suffer also because they have to buy part of their requirements of cereals in the market at a time when their prices have risen. It was found that they had to buy one fourth of their requirement. This indicates the need for a proper public distribution system for the rural poor. Unfortunately, the way the system has worked so far, it has provided little relief to the poor. Prices of commodities in outlets of the Punjab Civil Supplies Corporation and CONSTOFED have often been found to be the same as in the open market. What is more, such public agencies do not give supplies on credit; also, the behaviour of their urbanized employees towards the village poor leaves much to be desired.⁷

One of the most distressing findings of the Bhalla-Chadha survey is that a marginal farmer runs into an average debt of Rs 700 and a

small farmer of Rs 795 per year. This suggests that some of them might be obliged to mortgage or sell their land and join the ranks of landless labourers, or urban workers, or tenant cultivators. Census data show an increase from 9.65 per cent to 20.02 per cent between 1961 and 1971 of male agricultural labourers in the total work force. Similarly, according to the All India Rural Labour Enquiry, labour households in Punjab and Haryana increased by 33 per cent between 1964-65 and 1974-75.⁸ In view of these data, the hypothesis that some of the marginal and small farmers are pauperized and have to resort to distress sale of their lands cannot be ruled out.

Capitalist culture also has a role in the pattern of consumption. The consumption patterns of marginal and small farmers were apparently influenced effectively by those of the more well-off sections. Households of poor farmers were also acquiring goods like fashionable clothes and transistor radios which they could ill afford. While consumerism thus maintains a high level of demand for the products of capitalist industry, it eats into the vitals of the already starved farmer and worker. This is just one instance of the deep relationship between the compulsions of capitalist economy and its culture.

Rural Industrialization in Doldrums

In India, "planning" has never meant the mobilization and allocation of national resources according to a plan, for, the resources, largely, are owned privately. Planning has at best meant the provision of certain incentives in a market economy. That such tinkering can hardly bring about structural changes is best indicated by an examination of the programme of rural industrialization. Thus one of the most important schemes, namely that of industrial estates, has been in the doldrums. The Sixth Plan document does not give many figures. It is, however, admitted that "while the number of industrial estates and areas is fairly large, their functioning has not been uniformly satisfactory, the sheds and plots developed have not been fully occupied and become functional". In other words, a large investment in the construction of sheds and the provision of infrastructure has gone waste. This is especially so in the case of rural estates: "The performance of semi-urban and rural industrial estates has been relatively less encouraging."⁹ The main reason for this failure is that rural industries are, generally speaking, not feasible in India's market setting.¹⁰ Even the public sector in India has mainly been an adjunct to the private sector. Thus the sheds are constructed and the infrastructure of roads etc provided at public cost, but industry is to be installed by private entrepreneurs. If the latter are not forthcoming, as is often the case in rural areas, the programme fails.

The programme of industrial cooperatives has also suffered a similar fate. The Sixth Plan notes that cooperatives are "ideal" for providing an institutional cover of a non-exploitative nature and

creating self-employment. It, however, laments that "the present position of these societies is not satisfactory; between 50 to 60 per cent of them are lying dormant; of those that are active, only a small percentage is viable".¹¹ The problems of the cooperatives are mostly related to organization and management.

The organization for industrial development at the district level also has long been ridden with problems. One of these was the multiplicity of government agencies which functioned without coordination; the small industrialist had to deal with them all and achieve a semblance of coordination for his purposes. This system was changed and District Industries Centres were set up to provide for coordinated assistance in 1978-79. Within two years, however, these were also found wanting. The industrial policy statement of July 1980 observed that the Centres had "not produced benefits commensurate with the expenditure involved".¹²

Such administrative failures are indicative of a deeper malaise. Centralized structures, institutional weakness at the rural level, elites aiming at self-aggrandizement in collaboration with economic power holders, emphasis on the loyalty of bureaucrats toward political power holders, and the increasing sway of values favouring conspicuous consumption constitute the foundation of our administration. Such a colonial heritage of administration cannot bring about the requisite changes in the rural areas.

In this light, corruption must be seen as only one variant of the fulfilment of the interests of the powerful. Inequitous laws and their efficient administration, or inefficient administration of just laws also, have the same effect. What are called corrupt methods are resorted to when these do not help. Hence corruption is only one of the structures which maintain the present unjust and exploitative society.

Apron Strings of International Capital

Indian economy today is a part of the world market. The latter is now dominated by monopolies functioning as multinational corporations. Their operations constitute almost a rebirth of colonial economic relations. Industries and governments in countries like India are often at the mercy of the big monopolies. Thus, an increase in the world price of fertilizer means the ruin of many a small farmer, since much of it has to be imported. Some farm implements and know-how are also imported. The high-yielding varieties of wheat seeds originally came from Mexico. At the same time, the bulk of our exports still consists of primary products. This pattern of trade makes for continued underdevelopment.

While in the old days colonial powers used armed forces for subduing poor countries, nowadays both force and "aid" tend to be used. Thus during the Bangladesh war the United States sent its fleet into the Bay of Bengal to browbeat India; nowadays the same effect is

sought to be achieved by arming Pakistan with the latest and costliest weapons. At the same time, "aid" also continues to flow from agencies like the International Monetary Fund and the World Bank. By thus accepting large loans, countries like India tend to get into a debt trap, that is, new loans have to be taken to repay old loans. In this way, the debtor country loses its political as well as economic independence. Such loss of independence is seen in both external and internal policies. Thus India has been chary of criticising the United States for its imperialistic attack on Grenada. Internally, World Bank loans have, *inter alia*, the effect of influencing the role of the public sector. While granting aid, the World Bank makes it quite clear that it should be so used as to develop the private sector. The World Bank's policy of "global tender" for projects financed by its "aid" is meant to ensure penetration of the national economy by foreign multinationals. Now, the aid is mostly channelised through public sector agencies. Hence these agencies come to function merely as servicing agencies for the private sector. Moreover, by influencing the pricing and other policies of "aid" receiving enterprises even in the public sector, the Bank effectively dictates the government's economic policy in crucial areas. It is notable that the World Bank sends its own teams of so-called experts for keeping continuous watch over the manner in which the aided projects are run. What is interesting, however, is that the cost of this imperialistic surveillance has to be borne from the project funds. It is not that similarly qualified specialists are not available in aid receiving countries like India. However, the function of inspection can be performed to the satisfaction of the World Bank only by its own experts. In this light it is clear that aid is never without strings, makes for dependency, and still is an instrument for exercising control which is disproportionate to what is actually given. We list out in Table I the quantum of World Bank aid in projects related to agriculture in Haryana indicating the considerable extent of such dependency.

TABLE I
WORLD BANK ASSISTANCE AT THE END OF MARCH, 1983

Name of project	Total project cost (Rs in lakhs)	World Bank loan
1. Haryana Irrigation Project (I)	19,091	111 million US dollars
2. Haryana Irrigation Project (Phase II)	27,036	150 million US dollars
3. Cooperative Storage Project	1,570	949 lakhs Rs
4. Potato Storage-cum-Marketing Project	384	230 "
5. Agriculture Extension Project	1,135	373 "
6. Cotton Development Project	1,191	585 "
7. National Seed Project	811	568 "
8. Social Forestry Project	3,333	1,666 "

Even in the field of small industries, the impact of imperialism through multinational corporations is felt. Thus some multinational corporations operate small industries in India under the rubric of ancillaries. This means that the indigenous small entrepreneur has to compete with a world monopoly. The consequence of such unequal competition for indigenous industries can only be ruin.

An interesting aspect of imperialism relates to what is popularly described as "brain drain". From Punjab and Haryana particularly, many highly educated and skilled persons regularly migrate to developed countries. It is often said that this confers in return matching benefit in the form of inward remittances by these persons. While it is true that the remittances are a help to poor relatives, the loss to our underdeveloped society through the drain of highly educated and skilled persons may be much greater. Underdevelopment and brain drain together constitute a vicious circle. The absence of doctors, engineers, farm scientists, teachers, nurses and other educated and skilled persons in our villages accentuates their underdevelopment; and the very state of underdevelopment implies that the pull exerted on skilled personnel from the advanced capitalist countries is found almost irresistible.

We have seen that the peculiar underdevelopment of the rural areas of India results from the telescoping of the phenomena of colonialism, feudalism, capitalism and imperialism. Thus India continues to be exploited by the West; within India the city exploits the village; and within the village the landlords and the capitalist farmers exploit the petty tenants and the labourers. The worst sufferers of course are at the bottom—the landless labourers, and marginal and small farmers who are always in danger of losing their land. It is this section of the population above all which can, therefore, be really interested in bringing about a change in the social formation. The way to development therefore lies through making this section powerful and through the assertion of its power. Power can result from organization alone. Hence the right way to begin rural development is to organize the rural poor.

1 Government of India, *Sixth Five Year Plan, 1980-85*, p 114

2 *Report of the National Commission on Agriculture*, New Delhi, 1976, p 65.

3 *Ibid*, p 67.

4 *Sixth Five Year Plan*, p 114.

5 *Report of the National Commission on Agriculture*, p 75.

6 G S Bhalla and G K Chadha, *Green Revolution and the Small Peasants*, New Delhi, 1983, p 34.

7 Satya Deva, "Distribution of Essential Commodities through the Public Sector", presented at the XXXVI Indian Political Science Conference, Jodhpur, 1976.

8 G S Bhalla and G K Chadha, *op cit*, p 134.

9 *Sixth Five Year Plan*, p 200.

10 Satya Deva, "Establishment of Industrial Estates in India", *Journal of Administration Overseas*, London, Vol XV, No 3, 1976.

11 *Sixth Five Year Plan*, p 195.

12 *Ibid*, p 191.

REPORT

Energy and Power: Report on a Seminar

THE ELECTRICITY Employees Federation of India held its first all India conference at Trivandrum during January 13-15, 1984. The conference started with a one-day national seminar on "Energy and Power". The seminar was presided over by Dr Vasudev, chairman, Kerala State Committee, on S & T. Six technical papers were presented by experts in the area. This was followed by group discussions based on which the seminar arrived at a number of conclusions which have an important bearing on the national policies of the Government of India on matters related to energy and power.

Welcoming the delegates and speakers, E Balanandan, M P, highlighted the importance of such technical seminars which were integral to the growth of the trade union movement. He emphasised that the working class organisations should assimilate the essential technologies of the concerned sectors as well to enable themselves to conduct trade union struggles in more effective ways.

In his paper "Energy Policies and Practices since Independence", Ashok Rao, president, Federation of BHEL Executives' Association, brought out the basic maladies in the governments' policy on energy and power for the past three decades. Emphasising that there is a straight-line correlation between the GNP and energy consumption, he contrasted the performance of India with that of the People's Republic of China. In 1952, both had similar energy bases. In 1979-80 China produced 620 million tonnes of coal, 106 million tonnes of oil and 300 billion KWH electricity, whereas for India the corresponding figures were only 114 m tonnes, 10.5 m tonnes and 112 b KWH respectively. The major reason for this disparity is that, concurrent with the differing socio-political systems, China based its development on the secure foundation of solid fuel coal, its own natural resource, whereas India based its development on the slippery foundation of imported oil, giving totally inadequate attention to its vast resources of coal. Unless this policy is corrected, according to the Working Group on Energy (1979), India may be spending 75-50 per cent of its entire export earnings towards the purchase of oil by 2000 AD (assuming a certain rate of increase in India's export and a steady plateau in oil prices at 18 dollars per barrel)! Since Indian coal has high gas content and nothing significant has been done to upgrade it, the foreign-designed turbines are continuously under stress and breakdown, thereby bringing down the availability factor of these stations and causing

enormous losses to electricity boards. This situation must change, for which just nationalising the coal industry is not enough; adequate technological inputs have also to be provided which is currently not the case.

Regarding hydro-power also, Rao continued, wrong policies have pushed the nation to a sad position. All developed countries and also China have more or less exhausted their hydel sources. Rao drew attention to the comment of the Working Group on Energy (1979) that "the hydel potential available for development would represent an annual bonus of nearly 250 million tonnes of coal. Being a renewable source, the hydel energy that is not utilised any year is lost forever, whereas the coal that is not burnt is available for the next generation", India has continued to neglect this most important renewable energy source. Lately, the ecology scare has truncated even the modest programmes.

Even the limited power development lacks the concept of technological self-reliance. India has managed to have 20 unit sizes (25MW, 25.5, 30, 32, 50, 60, 62.5, 63.5, 75, 100, 110, 120, 140, 150, two variants of 200, 210, 500 and so on!) imported from 18 countries under aid schemes from 23 countries! This has caused excessive accumulation of spares and high inventories. In the absence of standardisation, which is the international practice, electricity boards continue to reel under the burden of excessive maintenance and breakdown delays. In the USSR the practice is to take a ratio of 50:1 between the unit system capacity and unit capacity. From this consideration India does not have a single grid to take a 500MW unit. What will then happen with the functioning of the proposed super thermal stations (for which one day's stoppage means a loss of Rs 60 lakhs, assuming the rate at 0.50 paise per unit) is anybody's guess.

In conclusion Rao explained with technical data that all talk of alternative energy sources, e.g. solar, wind, etc, serve only to divert the attention of the people from the main issues underlying the nation's current predicament.

K. Vijayachandran, formerly a senior executive of BHEL and one of the consistent opponents of the notorious BHEL-Siemens 'umbrella' collaboration, presented a historical overview of power development in India. Highlighting the fact that the per capita consumption of electricity in India is only one-sixtieth of that of the US, one-thirtieth of that of the USSR and one-fourth of that of China, Vijayachandran presented data to show how consistently India has been performing even below its modest target; the slippage for the Fifth Plan was as high as 50 per cent. He underlined the paradoxical situation where even though industry increased its energy consumption several fold, its contribution to national income has been rather small. This fact however is related to an even larger anomaly: in an economy where the private sector claims the lion's share (80 per cent) of the national income, the entire burden of providing cheap power is borne by the

public or government sector.

Analysing the defects of the existing organisation and ownership pattern of the electrical power generation industry, Vijayachandran emphasised the need for a truly federal set-up, with equal participation in the Central Energy Authority from all state boards, which alone could plan power production in a national perspective. Even capitalist Britain has adopted such a system where a central electricity generating board sells electricity in bulk to 12 area boards. Even though CEEB and area boards are autonomous bodies, the general direction is given by an apex body (Electricity Council) composed of individual board chairmen, two CEEB members and five independent nominated members. In contrast, India goes ahead with a unitary CEA and federalist-minded state boards. Due to inadequate financial and S & T infrastructure, the state boards reel under bankruptcy and CEA seems to be more interested in controlling the sector. What happens is akin to what Marx had described while discussing the relationship between the British India and the princely states: "If you divide the revenue of a country between two Governments, you are sure to cripple the resources of one and the administration of both. ... The conditions under which they are allowed to retain their apparent independence are at the same time, the conditions of permanent decay, and of utter inability of improvement." Such a situation can change only as part of a truly federal reorientation in every sphere; be it (a) planning for power development, (b) a national technology policy for power development, (c) construction and distribution of power systems or (d) financing of power plans. The country stands to gain enormously if more uniformity is enforced in design and construction and adequate S & T funds are earmarked as part of a rational programme.

The third paper was on "Current Status of Nuclear Power" by A. D. Damodaran, formerly of the Department of Atomic Energy and currently secretary, Kerala State Committee on S & T. Quoting data from International Atomic Energy Agency, Damodaran emphasised that the world is currently generating 173 GWe nuclear energy through its 297 nuclear reactors in 25 countries, contributing to over 8 per cent of the world-wide electrical power capacity and more than 10 per cent of the total electricity generated during 1982. To that extent nuclear power is no longer a pipe-dream, but a source of power with a genuinely developed S & T base. A number of developed countries (Belgium, Bulgaria, Sweden, West Germany, Hungary, Finland, Switzerland etc) are planning for a nuclear share of 20-30 per cent by 1990, with France aiming at 70 per cent and the USA and the USSR at 20-30 per cent, particularly in certain geographical sectors. Such a confidence is based on the 2836 reactor years of experience. The USSR was the first country to pioneer the approach of standardisation of design and also manufacturing and construction procedures and methods. It has also proceeded simultaneously to tighten safety procedures with additional

emergency cooling system and with the formulation of new guidelines for safety and operation.

As in many other areas the underdeveloped countries contribute very little in this area as well: they account for only around 5 per cent of the world total. The reasons for their meagre achievement in the area are mainly the following: (a) technical complexity and relatively high investment, with the consequent demands on the national infrastructure; (b) inadequate commitment to an advanced technology which involves also long term planning and clear national policies; (c) relatively small grid sizes and hence the lack of reliability and stability of the transmission grid.

Thanks to the efforts pioneered by the late Dr Bhabha, India has obtained a respectable level of competence in nuclear technology among the UDC's, both by operating the Tarapur reactor for the past 10 years and also by erecting and commissioning indigenously a 200 MW reactor at Kalpakkam based on experience with the Canada assisted Candu design reactors at Kota. To that extent India's nuclear programme has attained a good level of maturity. It is necessary, particularly from the long term point of view, to nurse and develop this important modern technology further so that at an appropriate time India will have the option to choose the right mix of power from the overall development point of view.

"Power Development—Kerala Experience" was another paper presented by M Ramachandran of the Kerala State Electricity Board. As per current estimates Kerala has a hydro potential of three million kilowatts at 60 per cent load factor, of which only 30 per cent has so far been tapped through its nine generating stations, varying in generating capacities of 30 MW at Panniyar to 300 and 390 at Sabarigiri and Idukki respectively. Against a total capacity of 1011 MW the firm power is about 550 MW, generating 4730 MU (1981 data). This capacity has been built up with an investment of Rs 445 crores for the period 1951-1980. The ongoing and new projects, adding to a total of 1045 MW, are expected to involve an outlay of Rs 335 crores.

The problems involved in the hydro development schemes have been many. Projects cannot be implemented and planned, sanctioned projects cannot be implemented in time, and there is opposition for almost all projects, a situation not seen in other states. It is necessary that the problems concerned are tackled on a realistic and scientific basis, whether they relate to ecology, labour dispute, partial replacement and inundation of forests or human settlements; unless this is done Kerala's situation will go from bad to worse as far as electrical power is concerned.

The paper on "Planning and Power—Problems and Perspective" by A Ray, Assistant Engineer and Member, EEFI, West Bengal State Committee, also highlighted the major maladies of the national energy policy. Conceding the claim that India's power generation capacity has increased 20 times during the period 1950-1983 and the amount of

electricity generated by 26 times (actual values are Power 1,712 MW to 35,339 MW and the amount of electricity 5,107 MU to 131,558 MU.); Ray drove home the important point that for a country of India's size, these quantities are too low by any development standards. The official shortage is put at 10-15 per cent but in fact this is an underestimate, the actual shortage being much larger. Such a sad plight is perhaps not unexpected because power, for long stretches of time, has been one of the neglected sections. Quoting from the reports of the five government committees on power, starting with the earliest one headed by Dr. Meghanad Saha and ending with the latest headed by V G Rajadhyaksha, Ray highlighted the basic maladies as follows: (a) lack of proper planning of the consumption pattern, (b) non-standardisation of generation capacity, (c) non-exploitation of hydro sources adequately, (d) unclear idea on management.

Arising therefrom, the only manufacturing unit in India, the public sector BHEL, has been operating at very low capacities. Against its installed capacity of 1310 MW thermal and 1025 hydro, the actual production was only 230 MW and 441 MW in 1979-80. Ray vehemently criticised the policies on the establishment of super thermal power stations in the near future and pleaded that this be reviewed in its entirety including the proposed import—lock, stock and barrel—of the 750 MV or 1050 KV AC transmission system or a high voltage direct current system. The growing tendencies of centralising the power sector and also of diluting its original policies by inviting private sector investment are to be condemned systematically. Instead the government should give higher priority to power development by increased outlay of funds, better standardisation of equipments and going in steadily for a genuine national grid system.

Presenting a paper on "Energy and Environment—Options for Third World Countries", Itti Darwin, former member of the Kerala State Electricity Board, emphasised the need for a total concept on energy and a comprehensive "man and society" approach to environment. He drew special attention to the need for developing to the maximum extent these energy sources which are based on indigenous resources.

After the presentation of the technical papers the delegates divided themselves into four different groups, and held discussions on the following topics: (a) national policies on energy, (b) national policies on power development, (c) power development problems of SEB's and (d) energy and environment.

The worker delegates actively participated in these discussions on national policies on energy and power. A seminar of the above type was a new experience both for those who presented the papers as well as for the worker delegates. It helped the delegates to look at the problems of the electricity industry from the national perspective.

A D DAMODARAN

Formerly of the Department of Atomic Energy

BOOK REVIEW

G S BHALLA AND G K CHADHA, GREEN REVOLUTION AND THE SMALL PEASANT: A Study of Income Distribution among Punjab Cultivators, Concept Publishing Co, Delhi, 1983, pp xii + 167, Rs 40.

THE BOOK under review is the expanded version of a survey report on the green revolution in the Punjab conducted during 1974-75. The authors have set themselves the task of studying "the impact of the green revolution on income generation and income distribution as also levels of living of various categories of cultivating households in the Punjab" (p vi).

With a sample of 1,663 households drawn from 180 villages all over the state, the authors' claim to have gone beyond the small samples and the limited scope of enquiry of most earlier studies on the subject is undoubtedly justified. Information on a wide range of issues has been collected, including the structure of production, technology, income generation, patterns of consumption and investment outlets.

Apart from the question of scale and scope of enquiry, however, the authors' conception of where their study is to be placed in relation to the earlier literature on the green revolution is somewhat unclear. The preface seems to imply that the earlier studies were mistaken in characterising the green revolution as being biased in favour of large farmers, as serving to accentuate inequalities and tensions in the countryside, and as being compatible with the continued existence of poverty. ("The initial reaction of many well-meaning scholars..."; "Some scholars tried to show 'convincingly'..."; Preface, p v). The authors' own conclusions, on the other hand, do not differ significantly, serving in fact to underscore the conclusions of the earlier studies, whether it is the question of the unequal gains from the new technology (p 160), the continued existence of poverty (p 153), or the heightening of agrarian tensions (p 161). Perhaps this is only a semantic anomaly rather than a substantive 'contradiction'.

Conducted in conjunction with the 30th Round of the NSS, the survey follows rigorous sampling procedures using the basic NSS stratified two-stage design. Households are categorised into six size-classes of area operated ranging from below 2.5 acres to above 25, and a self-weighting system of selection of households from these categories is used. There is also a classification into three different agriculturally homogenous regions using the criteria of soil type, cropping patterns and the structure of irrigation. Data are systematically and neatly presented across size-classes for Punjab as a whole and for each region

separately. Of the 170 odd pages in the book, more than 70 are devoted to tables.

Perhaps the most valuable findings of the survey are those concerning the nature of the small peasant holding as a production unit. There is, firstly, the remarkable uniformity in cropping patterns across size-classes. The differences in cropping patterns (in particular the 'distress cropping pattern') observed in the Farm Management Surveys of the pre-"green revolution" days are no longer visible and "a more or less uniform set of priorities is observed by farms of different sizes" in all the three agricultural regions. Secondly, the traditional inverse relationship between size and productivity is seen to be considerably diluted and even reversed. For individual crop yields, the authors report "no evidence of a decline in crop yield with increase in farm size" for the state as a whole, although maize in Region III alone displays such a relation; on the other hand, wheat and rice in Region I are seen to be positively correlated with farm size. For overall yield rates and productivity per acre the survey yields an interesting result, with Region I (the most advanced region) displaying increasing productivity with area operated, Region II showing the inverse relation and Region III showing no significant variation across size classes. Small farms continue to have an edge over the large ones in terms of cropping intensity, but per acre expenditure on inputs varies positively with size, an interesting feature being the very high share of expenditures on draught cattle for small farms. The irrigation base of small farmers also compares well with that of the large farmers. While this in itself is not a new feature, what is more striking is the considerable amount of investment undertaken by small farmers. The authors find that "except in Region II, the per acre investment undertaken by the marginal and small farmers compares very favourably with the biggest farmers" and surmise that since this investment is taking place despite the deficits on current account it must be financed through borrowings. Thus, to sum up, the small peasant holding as a production unit has come to resemble the large holding fairly closely in terms of the crop mix, yields, irrigation etc, the major differences being in terms of expenditure on inputs and the ability to afford indivisibles (eg, tractors and other farm machinery).

Coming to the patterns of income generation, the most significant finding concerns the importance of non-farm incomes. For the marginal farmers in particular, these incomes are overwhelmingly important, 60-70 per cent of the total household income being derived from these sources. More generally, non-farm incomes are a major factor reducing the relative inequality of total household income across size classes of operated area. Thus, while the distribution of land is highly skewed, and the distribution of farm business incomes is even more skewed, income from non-farm sources is much more evenly distributed, so that the distribution of total household income is less skewed than it would have been with the farm business incomes alone. There is a strong

inverse relation between proportion of household income derived from non-farm sources and area operated.

Of the many sources of non-farm income, dairying is the most important, both in terms of the number of households reporting such income (96 per cent) and in terms of its contribution relative to other sources. The only exception is the marginal farmers size-class, where income from pensions and remittances is the largest contributor to non-farm incomes. Interestingly, income from agricultural wage-labour is relatively unimportant (except in Region II) and contributes only as much as non-agricultural wage employment for the state as a whole. Predictably, income from hiring out of assets (harvestors, tractors, threshers etc) is an important source of non-farm income for the largest size-class of operated area, while the fact that even the smallest size-class derives such income may be attributed to the leasing out of land and/or draught cattle. In general, however (with the exception of income from dairying and poultry), the number of households reporting non-farm incomes is relatively small and the data comparatively unreliable, as the authors themselves point out.

When one looks at the overall income-expenditure patterns the remedial impact of non-farm incomes is shown to be inadequate, since both marginal and small farm households are unable to meet their annual domestic expenditure and are thus 'deficit households'. While the authors draw attention to the possible overstating of consumption expenditure on the part of the smaller size-classes of households, they are nevertheless of the opinion that the deficit is "a real phenomenon among marginal and small farmers, its magnitude notwithstanding". Thus, despite the 'benefits' of the green revolution, small and marginal farmers still cannot make both ends meet. In Regions I and II positive savings accrue only after about five acres of operated area, while in the more backward Region III the cut-off point is as high as eight acres.

Sitting pretty at the other end of the scale are the large farmers who register huge surpluses in spite of higher per capita consumption expenditure and the inevitable biases in the reporting of income and expenditure. It is unfortunate that the survey is unable to answer the question which has generated considerable interest in recent times: What is happening to these surpluses? As the authors admit, their data on investment and other outlays are extremely scanty and no reliable conclusions can be drawn. In any case, it is clear that the big farmers are "using only a small fraction of their surplus for capital formation in agriculture itself", whether this is because of saturation of on-farm investment possibilities or the existence of alternative uses. What these alternative uses are is again shrouded in mystery, the survey being able only to gesture speculatively towards "conspicuous consumption, including purchase of jeeps, cars and television sets, excessive indulgence in alcoholism and demonstrative expenditure on social ceremonies, etc". What is surprising is that even an item such as residential construction,

an allegedly popular outlet, accounts for only a small proportion of the surpluses. Given the nature of the survey, these results are perhaps only to be expected; perhaps a small-scale intensive survey of a more "personalized" form would produce better information.

Apart from the question of the unequal distribution of incomes amongst cultivating households, the survey is unable to throw any light on the larger issue of differentiation amongst the lower echelons of the peasantry. While mention is made of the growing proportion of agricultural-labour households, and while the original field survey included landless labour households in the sample, the book limits itself to cultivating households. For a fuller analysis of the "impact" of the green revolution it is obviously extremely important to evaluate its implications for wage-labour which comprises at least 33 per cent of the households in agriculture.

Although the survey brings to light important information on the small peasant holding as a unit of production, and though the publication of the data from such a detailed large-scale survey in a book form is to be welcomed, it is perhaps reasonable to expect something more than merely a survey report from a book. In particular, the long lag between publication in book form and the carrying out of the actual field survey (almost nine years; a somewhat abbreviated version was published as a two-part article in the *Economic and Political Weekly*, May 15 and 22, 1982) would have encouraged one to expect a more detailed comparison of the survey results with those of other surveys in the past, inclusion of information on wage-labour and tenancy and in general an attempt to situate the survey in a more dynamic setting.

SATISH DESHPANDE

Lecturer in Economics, St Stephen's College, Delhi.

K SESHADRI, RURAL UNREST IN INDIA, Intellectual Publishing House, New Delhi, 1983, pp 192, Rs 80.

IT IS hardly necessary, especially for readers of this journal, to underline the significance of the subject of Professor Seshadri's book, rural unrest, as a subject of study that interest political activists and social scientists alike. Given the immense variation in social formations and power structures in different parts of India it is only to be expected that new researches into this area will provide more interesting evidence demonstrating linkage and discontinuities. All this, one hopes, will help to strengthen and take forward the struggle in which the country's rural poor are engaged.

The author of this book has not only been a distinguished teacher of political science and the author of several books, but is also well known as a veteran of the, now legendary, Telengana peasants' struggle of the late 1940s. In this book he brings to bear both his academic curiosities and his political experience. The book, therefore, gives the reader a practical feel of the whole range of issues related to the problems of the Indian countryside.

The book is divided into nine sections which are more in the nature of individual essays rather than chapters leading up to a central argument. There is, nevertheless, a unifying thread provided by the subject of rural unrest. One does wish, however, that the essays were ordered more systematically. It would have helped the reader if the book were to be broken up into, say, three parts, one containing a description of agrarian conditions and rural administration, a second containing a history of peasant movements, and a third section consisting of the author's views on the current stage of the struggle concluding with his suggestions as to the steps that ought to be taken.

These themes are already there in the book. For instance, the first article is entitled "The Quagmire of Traditional Exploitation", in which the author tells us how the agrarian system in India has remained exploitative from medieval to modern times despite land reforms and how in spite of institutional changes the more powerful have managed to benefit. The second essay goes into greater detail about the social structure of the Indian countryside and the changes that have occurred since independence. In this connection factional, caste and class cleavages are discussed and it is shown how in the micro-politics of the villages the poorest lose out, mainly because they are forced to get involved in faction-fights which only benefit the powerful. Thus, from the statement in the first chapter that in independent India "feudalism took a different form and was not abolished totally, as it should have been if the classical Marxist theory of bourgeoisie doing away with feudalism were to have occurred" (p 15) the author concludes in the

second chapter that "politics at the macro-level has to be sharpened so that the state power could be used to keep the kulaks under check and finally strip them of the excessive land they have through generations of fraud, misappropriation and rowdiness accumulated for themselves. For this there is no other way except to organise the deprived sections and bring about a unity of the radical element in the country. The issue is not hair splitting theoretical discussion but action in concrete terms from which the proper theory will appear" (p 45).

The next essay, entitled "The Panch Parameshwar" is on the ineffectiveness of the Panchayati Raj institutions in creating a more democratic society despite the good intentions of the national leadership, at least upto Nehru. It is argued that from the state level downwards politics is controlled by the powerful and the rural rich. Panchayati Raj bodies merely serve as institutions of political accommodation amongst the power-wielders. In such a situation decentralisation by itself can never be a solution. On the contrary, centralisation and decentralisation are matters of striking a political balance. The author believes also that there is a sort of "decentralised fascism" growing in the country. Interesting as these ideas are, it must be said, with regret, that many of the points thrown up in this essay are lost in the conversational tone in which they are put. (This criticism could, in fact, be made of the book as a whole.)

The essay on "Rural Development and Agriculture" is a more thoughtful piece on rural and agricultural administration. A powerful plea is made for the creation of an all-India agricultural service, a recommendation which the Royal Commission on Agriculture had made as far back as in 1928. In the author's opinion such a cadre with better service conditions and emoluments would be able to "fight with a high morale and sense of dedication" (p 63). Many readers may not agree with the author here, particularly in the light of the general deterioration of administrative services in this country. Besides, in the present context of Centre-state relations it is unlikely that consent will be forthcoming from many of the states for another all-India service, presumably under the ultimate control of the Central government.

The rest of the essay highlights the importance of a bottom-up planning for agriculture and marks out the block development officer as the key figure in agricultural administration. The author suggests ways for the coordination of activities of the village level worker, the district agricultural officer, the agricultural extension officer and the District Collector. The views of the Ram Subhag Singh Committee and the Expert Committee of the Planning Commission headed by Dr S R Sen are supported. As regards financial matters the notion of time bound grants is criticised as is the practice of audit which is not based on the evaluation of performance.

Going back to the theme of the rural poor in the following essay, "The Travails of the Landless and the Desertion of Villages", the

author draws attention to the condition of sharecroppers and landless labourers. Some early struggles of the Indian peasantry are referred to; the "Operation Barga" and Food for Work Programme administered by the West Bengal government come in for praise; and the problems of radical change in isolated pockets are discussed in the light of the Chilean experience. It is held that insufficient attention has been given to organising the landless peasantry. Further, the ever-present threats to migrant labourers and to those who seek to organise the landless is dealt with at length. However, in this essay, too, the lack of any systematic treatment of an important subject is a valuable opportunity missed. The next essay which is a social commentary on the plight of scheduled castes is more successful though anecdotal in an all too familiar sense. (Besides, the author might have avoided alliterations such as "the Zamindars have guns and goons at their service" (p 128).

Essays 7 and 8 are on the peasant struggle in Telengana and tribal uprisings in Andhra Pradesh (1922-1924) led by the charismatic Alluri Sitarama Raju. Some other movements such as the Eka movement of U P are also discussed. Both these narrations make interesting reading, though readers familiar with the history of peasant movements may not find much that is new. The charge that Communists, in the early phases of their movement, were unconcerned about the peasantry is effectively rebutted. However, the reasons given for the failure of these movements are some what simplistic. It is argued that the main failure of the Telengana movement was the lack of a simultaneous "intellectual movement" (p 140) and the failure of the other earlier movements was due to the lack of response from the Gandhi-led movement. True as these claims may be they are inadequate explanations of failure.

Towards the end of the latter essay the uprisings in the wake of the Naxalite movement are also discussed. But a discussion of the dacoit phenomenon of the Chambal ravines in the same context is unfortunate, even though the author takes pains to show that people like Vempatapu Sathyam and Kanu Sanyal were actually different from Chabi Ram and Phoolan Devi.

The last essay "Bush-fires before the Conflagration", does not in fact predict a conflagration but comes by way of a conclusion in which some points are picked up from the earlier essays and brought together. It focusses on the centrality of the peasant question and points to some of the problems of combating a "state that is run in the interests of the bourgeoisie in the big cities in collaboration of (sic) the landed feudal interests in the rural areas", and where "the overarching interests of the class rule is maintained by the bourgeoisie and the rural rich contribute by keeping the democratic facade". And also where "(I)ndustrial and financial bourgeoisie at the Centre and the agricultural bourgeoisie as well as the feudal elements in the villages control the

federal structure of the Indian State" (p 182).

There is a return to the theme of migrant labourers with the added warning that tensions are likely to develop between migrant and non-migrant labourers in states such as Punjab, though such tensions as have already developed in other states are not referred to. There is also a return to the need for special emphasis on the organisation of the landless. "The agricultural labourers can no more be within the peasant organisation. They have to have their own organisation. Only then can there be a 'united front' of the agricultural labourers and the poor and middle-class peasants" (p 185).

Uptill now it has been sought to highlight some of the main assertions in the various essays. There are, however, two or three themes which run through the book with which this reviewer is tempted to take issue. The first is with respect to local government. In the separate essay on Panchayati Raj and, indeed, in many other references to this subject the author is categorically dismissive of the experiment. The following points are laboured:

- Panchayati Raj as a means of decentralisation has been a failure;
- therefore it has not served to further democracy in India;
- mainly because the institutions of Panchayati Raj are controlled by those who are already powerful (in league with state level politicians); and
- in fact, Panchayati Raj has only increased tensions in the countryside.

While much that is contained in these claims is true in general it does seem worrying that the author completely misses out the complexity of the process. To take just one instance, the author seems on the whole quite approving of Operation Barga, but in his discussion of it the crucial role played by Panchayats is not considered worth mentioning. In fact, he ascribes much of the success to sensitised bureaucrats. The essential point that Panchayati Raj does not operate in a political vacuum is missed. For, it stands to reason that in those parts of the country where politics is controlled by the 'feudal' and 'kulak' elements Panchayats are more than likely to be controlled by them as well; and yet, the same institutions can be made to serve the cause of progressive change if the leadership is seriously committed to such change. Besides, if Panchayat elections exacerbate tension in the countryside this is not such an unnatural occurrence. It is true that such tensions are often caused due to internecine fights among the rich (in which the poor admittedly serve as cannon fodder), but they are also caused because of the contest between the rich and the poor, the upper castes and the lower castes. Such tensions are but inevitable in the process of changing the balance of power. And, short of a political revolution in the country as a whole *this* is the very process which will lead to the restructuring of power. No amount of 'sharpening' of political struggle at the top is likely to achieve much without the struggle sharpening at

this level.

The other two themes pertain to the author's views on the state and on 'decentralised fascism'. At this point a long quotation from the book is necessary:

Some of the pseudo-marxist researches have tried to show the class origins of the personnel of the public service and thus establish the 'bourgeois' nature of the state. Nothing can be far from truth than this sort of analysis. It may well be there is a congruence between the class nature of the personnel and the nature of the state. But that is only a spurious correlation. The class nature of the personnel does not determine the class of the state. The state may be the protector of the capitalistic class but may not necessarily have representatives of their class operating the bureaucratic machinery. In fact it is not to the advantage of the ruling class that it is so. Even if the bureaucracy were to be filled with the representatives of the working classes unless the economic power of the dominating class is destroyed it will not make any difference as far as the nature of the state is concerned. Some times there may be a relative autonomy of the State.

In India there is a cooption of petitbourgeois elements in the capitalist and feudal classes. Hence the relative autonomy of the state also is weak. The village life with the existing land ownership is not going to be transformed as far as class relationships are concerned, since the movement of the peasantry and the attempts at uniting the poor peasantry with the landless agricultural workers has become an uphill task. Hence the local tyrant with the connivance of the corrupt police and the equally corrupt administrator and the supporting politician will be able to hold invisible grip over the whole area where he has his land and influence. Thus while the trappings of bourgeois democracy will be maintained in the cities, in the larger areas of the country where villages exist, there is no question of civil rights or democracy. In fact, there may not be basic safety for life and limb. This state of affairs is what I would term as 'decentralised fascism'... (p 188).

There is little disagreement here with the claim that the class nature of the bureaucracy does not by itself determine the nature of the state. But what is the nature of the Indian state then? If the ruling classes 'co-opt' the middle classes what are the consequences in the Indian context? What does it mean to say that the relative autonomy of the state is 'weak'? If the author's (perfunctory) comments on the state are true why does he consider that cities are likely to have the 'trappings of bourgeois democracy' while the rural areas are bound to be deprived of it? Is it in fact true that our cities have any more democracy (in the author's sense) than our villages when millions of city dwellers live,

sleep and eat on pavements and are at the mercy of local toughs and bullying policemen? Were the urban poor of the national capital treated to greater doses of democracy when their shanties were bulldozed and their belongings dumped virtually outside city limits? And, what is the plight of the unemployed migrant worker in our industrial metropolises?

Presumably what the author wishes to argue is that the 'rule of law' is flouted more easily and therefore more often in the rural areas, and that there is a gang-up between the landed and the authorities in this disregard for law. Unbearable oppression there certainly is, but facism, decentralised or otherwise, there is not. If the author wishes to convince his readers about his views on the state and on decentralised fascism then he must argue his case better. To say this is not to deny that there have been instances of severe (or even near-fascist) suppression of politics in this country. The emergency of 1975-1977 is one such instance, but all that the author has to say about it is the following: "The experience in Andhra Pradesh during the Emergency when the Twenty point programme was ushered in proved that unhindered by the 'democratic' politicians the bureaucrats were able to provide land and other amenities to harijans" (p 129).

It is perhaps necessary to take our point further but that is not possible even in this rather lengthy review.

In the preface to his book the author says that he has avoided the use of statistics because they are mere figure and as such they do not mean much. Besides, the manner in which they are acquired makes them misleading. He may be correct on both these points, but the problem with his book does not lie in the omission of statistics. The discipline of political science is not particularly well developed in India. Marxist interventions into the area of political science have been even more infirm. It would certainly help a great deal if well intentioned scholars like Professor Seshadri were to take greater care with their argumentation and bring to bear greater vigour on their subject, which, surely with their experience, they are capable of doing.

ASHIS BANERJEE

Centre for Policy Research, New Delhi.

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133

Marx and Bourgeois Economics ☐ Inter-
national Investment in India ☐ Forestry
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CONTENTS

<i>Editorial Note</i>	1
<i>Karl Marx and Bourgeois Economics</i> —Prabhat Patnaik	3
<i>New Forms of International Investment in India</i> —Ashok V. Desai	23

NOTES

<i>Forestry in Tripura : Its Past and Present</i> —Mahâdev Chakravarti	44
<i>The Magnitude of Land Revenue Demand in Kashmir 1846 to 1900 A.D.</i> —Ratan Lal Hangloo	52

DISCUSSION

<i>The Pre-Ahom Roots of Medieval Assam</i> —Nayanjot Lahiri	60
<i>Pre-Ahom Roots and the Medieval State in Assam : A Reply</i> —Amalendu Guha	70

BOOK REVIEWS

<i>Sharecropping and Sharecroppers</i> —Jayati Ghosh	78
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Articles, report and reviews express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

THE lead article of the number by Prabhat Patnaik argues that there has been a distinct change in the attitude of the so-called "professional economists" of the bourgeois world towards Karl Marx. A century ago, Marx was *persona non grata*. Even as *Das Kapital* was being hailed as the "bible of the working class," the "professors" wrote tomes on political economy where Marx scarcely got a footnote reference; and if at all there was a reference it was invariably contemptuously dismissive. Today however "professional economists" not only have to take cognisance of Marx, but are distinctly more respectful. The obverse side of this respect however is an attempt to assimilate Marx into this or that strand of petty-bourgeois or radical bourgeois theorising. By arbitrarily wrenching out particular bits of Marx's analysis, lumping these together with analyses of particular bourgeois economists, various eclectic theoretical tendencies are produced which claim to supercede Marx. This process of obfuscation of the specificity of Marx is aided by many who claim to be Marx's followers but find it necessary to "improve" Marxism by borrowing from alien traditions. The net result is that while a century ago Marx was sought to be killed through neglect, now Marx faces the threat of being killed through kindness.

How did this change occur? The author accounts for this change by the disintegration of the dominant and unified structure of bourgeois theory that was built up after 1871 in implicit opposition to Marx. This process of disintegration, whose chief moments are recapitulated in the paper, not only aroused an interest in Marx's work but gave rise to a revival of several petty-bourgeois or radical bourgeois positions which had hitherto remained theoretically marginalised. While this awakening of interest in Marx's work is welcome, it is important for Marxists, according to the author, to demarcate Marx from these other tendencies, to fight against the dilution of Marx's scientific achievement, and to insist on the specificity of Marx's political economy. Wherein this specificity lies is briefly touched upon in the paper, which we hope will generate a good deal of controversy.

Ashok Desai's paper has a wide scope and raises many more general questions than its title at first sight suggests. On many of these questions, moreover, he takes positions which differ sharply from commonly-held views. For instance, while accepting the importance of foreign capital in certain modern sectors, he considers some of the oft-quoted estimates of the magnitude of foreign control exaggerated. Like-wise he considers FERA to have been neither ineffectual, nor perversely promoting an

expansion of foreign control, but as something which did have the effect of frightening off foreign capital for a while. In explaining the specific new forms that foreign investment has taken in post-independence India, he attributes an important role to the particular environment, the "ethos" in which business has to be conducted. This is an "ethos" in which the foreigners do not feel altogether at home. For example, in the intricate devices for "dealing with" labour, or "managing" the bureaucratic machinery of controls and regulations, the Indian capitalists have developed a knack, an expertise arising from their local experience which the foreigners lack. It is this which *inter alia* accounts for the fact that the typical and favoured form of foreign investment in India has been the joint venture with Indian capitalists wherein the foreigners often hold minority equity. This "ethos" also includes certain labour attitudes arising perhaps from extreme alienation, which, from the capitalists' point of view, however, makes for "poor quality" labour; and this is the reason why, notwithstanding all the recent measures of liberalisation and inducement, India has not been able to attract much multinational subcontracting, the way south Korea for instance has done. The difference between the two countries lies not so much in regard to the stringency of labour laws, but in their vastly different business "ethos".

For students of the political economy of Indian development, no matter whether they share Desai's perspective or not, the article provides much material and throws up important issues to ponder over.

Two notes deal with the history of two different regions and with dissimilar topics; each however, documents the coercion of the people. Mahadev Chakravarti's note on forest policy in Tripura shows how historically "conservation" had been a camouflage for the commercial exploitation of the forests by vested interests, backed by the government, who had progressively restricted the rights of the local people to forest produce. Forestry in other words illustrates the more general phenomenon of commoditisation going hand in hand with coercion of the people. This coercion is sought to be justified in the name of "conservation", but is actually the main source of spoilation of the forests. No genuine conservation measures can be undertaken without involving the people and safeguarding their interests. Rattan Lal Hangoo provides evidence to show the tremendous squeeze on the Kashmir peasantry introduced by the revenue demands of the State in the late nineteenth century; added to this official squeeze was the substantial extraction by the administrative personnel to line their own pockets. Such unfettered aggrandisement led inevitably to a crisis of revenue administration in the State.

Finally we publish a discussion between Nayanjot Lahiri and Amalendu Guha, stimulated by the latter's paper on the Ahom State published in an earlier number of *Social Scientist* on the question of the continuity in the history of the Assam valley between the pre-Ahom and the Ahom periods.

PRABHAT PATNAIK*

Karl Marx and Bourgeois Economics

WHEN Karl Marx died in London in 1883, no English newspaper reported the fact immediately. The first report to appear in an English newspaper was after some days in the form of a brief mention, and that too was a despatch from the paper's Paris correspondent! Like the bourgeois press, the bourgeois economics profession too sought to consign Marx to oblivion, initially through a "conspiracy of silence" about his work, and, somewhat later, when it did choose to take notice of him, through contemptuous dismissals of his work. Neither Carl Menger, nor Stanley Jevons, nor Leon Walras, all leading bourgeois economists who were more or less contemporaries of Marx, took any explicit notice of him. Alfred Marshall did, but dismissed him as a tendentious thinker who had mischievously misunderstood Ricardo. Eugen von Bohm-Bawerk took him seriously enough to write a book on what he called the "Great Contradiction" in the Marxian theoretical system, with the conclusion that "The Marxian system has a past and a present, but no abiding future." And F. Y. Edgeworth thought that "the importance of Marx's theories" derived from their "wholly emotional nature."¹

Today, a hundred years after Marx's death, the attitude of bourgeois economics towards Marx is rather different. Not that Marx is not being refuted by leading bourgeois economists all over again down to this day; not that leading bourgeois economists do not, on occasions, still make derogatory remarks about Marx: one has only to recollect Keynes' estimate of him as belonging to the dim underworld of heretics, and Samuelson's labelling him as a "minor post-Ricardian", to convince oneself about this. But the bourgeois profession as a whole is distinctly more cognizant of Marx, and distinctly more respectful towards him, at any rate for a number of his specific contributions, though, needless to say, it is as distant from the totality of the Marxian system as ever; after all, bourgeois economics would not be bourgeois economics if it accepted the Marxian system, but willy-nilly it is forced to recognise a number of what it would call his "insights". This change in the attitude of bourgeois economics towards Marx is reflective of the fact that it is much less self-confident about its theoretical system today than it was a hundred years

* Professor of Economics, Jawaharlal Nehru University, New Delhi and Editor: *Social Scientist*.

ago. Changing reality, incomprehensible within the theoretical system of bourgeois economics, has forced changes in the system itself to an extent where it is even difficult to talk of a comprehensive system of bourgeois theory. There is no unified body of thought holding sway at the moment in the world of bourgeois economics, as there was a hundred years ago. This also has meant, however, an end of the smugness and self-confidence of bourgeois economics, which was so evident a century ago. An important part of this changing reality of course has been the triumph of socialism in a part of the world covering a third of humanity, and the progress of decolonisation in the third world which has thrown up social and economic problems for which bourgeois economics has no answers. But perhaps an even more immediate factor behind the break-up of the unity and the dominance of the theoretical system of bourgeois economics, which held sway a century ago, has been the eruption of severe economic crises in the heartland of the bourgeois world itself, in the advanced capitalist countries. This disintegration of the bourgeois theoretical system, together with the changing attitude of bourgeois economics towards Marx, constitute the objects of investigation of the present paper.

Marginal Utility Theory

The writings of David Ricardo, the last great representative of English classical political economy, had been put to use in developing a socialist doctrine by a number of writers in the 1820's, who are often referred to as Ricardian Socialists. Among them were such authors as Thomas Hodgskin, William Thompson, J.F. Bray and John Gray. The Ricardian Socialists put forward what was essentially a natural right doctrine, i.e., that labour as the sole active creator of wealth, had a natural right to the whole produce, and that profits and rent alike were snatched from labour as a consequence of "the legal or artificial" right endowed on property owners to appropriate the products of other peoples' labour.² Hodgskin whose two pamphlets were referred to by Marx as "among the most significant products of English political economy"³, stated categorically that society needed capital, not capitalists. While this "natural right" conception of socialism was evidently pre-scientific, a reaction against Ricardo and indeed the entire tradition of value theory represented by Ricardo, developed in bourgeois economics owing to the "dangerous use" to which the Ricardian concepts were being put. When Marx took over the achievements of English political economy, embedded them in the comprehensive theoretical system of scientific socialism, and established political economy as a historical science, the entire classical tradition of value theory, of which Ricardo was the most consistent exponent, became further anathema to bourgeois economics. A wholly new theoretical system, first advanced systematically in 1871, came to dominate bourgeois economics, which sought to cut itself off from its moorings in English classical political economy, especially those very achievements of it which Marx had lauded, developed and enriched. The

proponents of this system were Menger, Jevons and Walras and while they may not have explicitly taken notice of Marx, the development of this entire tradition was in essence a battle against the hidden Marx.

The starting point of the analysis was the use-value of a commodity, or "utility" as it came to be called, and the exchange value of commodities was explained in terms of the attitude of the individual consumers to the commodities as use-values satisfying individual wants. At any given exchange ratio of one commodity in terms of another, the amount of the first commodity that an individual endowed with a given sum of the second (e.g., money) would demand, would depend upon where his addition to utility by buying more of the first is exactly counter-balanced by his loss of utility entailed in parting with the second. Thus, given some initial distribution of commodities among market-participants each trying to maximise his utility, the exchange process would bring about a set of equilibrium exchange-ratios between commodities. But how does this initial distribution of commodities or claims upon them come about? The consumers are at the same time suppliers of the "factors of production", e.g., labour, land, capital, etc. The demand for these "factors of production" is a derived demand, from the demand for the final products. Given the state of technology, and given the supplies of the various "factors of production", the relative prices of these factors would depend upon the relative demands for them, arising from the relative demands for the final goods. Since these relative demands for final goods, as we have seen, depend upon the prices of the factors via the consumption behaviour of the "factor-owners" we have a case of simultaneous determination of a general equilibrium. For given factor supplies, given techniques of production (i.e., possible factor combinations to produce any given product), given tastes, a set of relative prices in final goods and factor markets would be established, at which the demand and supply are equal in all markets. Such in essence was the new value theory of bourgeois economics.

The focus of the theory was on the atomistic individual. The achievement of the theory in fact was supposed to consist in the demonstration that the behaviour of atomistic individual decision-making units, each responding, whether as a consumer or as a factor-supplier, to any given set of prices in the markets, which he takes as parameters for his decision-making, leads in the aggregate to a situation of general competitive equilibrium, with determinate relative prices. There was no scope for the concept of class in this analysis. All the atomistic individual decision-making units stood on the same footing. There was no essential difference for instance between capitalists and workers; they were merely factor-suppliers with different factors to supply. In fact in the formal demonstration of the theory it was not even necessary to label these factors; they could be any n factors no matter what they were called. The theory in other words was insistent on symmetry: symmetry between factors of production, symmetry between production and consumption, and so on.

This theoretical apotheosis of the apparent symmetry of the market-place became possible because the theory was almost exclusively concerned with market-phenomena, with what Marx had called the "sphere of circulation". The sphere of production did not merit any separate analysis according to this new bourgeois theory. Production consisted simply in the combination of the factors of production. In which possible way the factors were combined was determined, given the state of technology, upon their relative prices. Hence the analysis of production was simply an extension of the analysis of exchange. The essentials of the theory remained the same whether we were talking of a primitive barter economy or a modern capitalist economy; the theory was fundamentally unhistorical. There was no scope for analysing social relations of production because production as a historically-conditioned human activity did not figure in the theory. The subjective relation of men to things in the market place occupied its attention to the exclusion of the objective relation of men to men in the sphere of production. Hence the social relational nature of categories like commodities, value, capital, etc., was totally obliterated.

All this is quite well-known and need not be elaborated here. Only two features of the theory however need to be understood in the present context. The first is that there was no scope within it for the concept of exploitation. The price commanded by each factor reflected its relative scarcity in the equilibrium situation; distribution was simply the outcome of the process of price-determination and was conjointly determined with it, given the factor supplies, technology and tastes. Some theorists of this *genre* of course would claim ethical neutrality for this theory in the sense that the theory does not justify why particular factors should be owned by particular persons, e.g., why land should be owned by a bunch of landlords to whom the price of this factor accrues in equilibrium. Their contention would be that the theory is concerned only with economic as opposed to sociological imputations—as regards the distribution of income. Even if this contention were true, it permits at best an ethical, rather than a scientific concept of exploitation to be extraneously smuggled in to characterise an equilibrium situation. When it comes to the factor of production called capital, even this alleged ethical neutrality no longer holds. Bourgeois theory may not mind if someone calls the landlords parasites; but it rises to the defence of capital. What is the factor of production which the capitalists supply, for which they get a category of income called profits? If it is only the producible means of production, these may be relatively scarce in the short-run, entitling their owners, the capitalists, to an income. But what accounts for a perpetual category called profits, unless there is a perpetual scarcity of these means of production? And how can there be a perpetual scarcity of such means of production which are themselves producible, and whose supplies can therefore be augmented, unless we assume some sort of a monopoly, which the theory explicitly repudiates? The answer to this paradox facing the new bourgeois theory was provided by Eugen von

Bohm-Bawerk, who developed the subjective value theory, briefly sketched above, by incorporating into it a subjective theory of profit. According to Bohm-Bawerk, capital is not a factor of production like land or labour, etc. Its essence consists in time: more capital-intensive methods are in essence more time-consuming or more "roundabout" methods. Labour may directly produce a particular commodity unaided by any implements or tools. Labour may however produce the same commodity in a more "roundabout" way, by first producing, as it were, the implements, and then using these to produce the commodity. The more "roundabout" the method, the more "capital-intensive" it can be characterised as. More "roundabout" methods are more productive. But the use of more "roundabout" methods entails cost because "to the overwhelming majority of men the subjective use-value of present goods is higher than that of similar future goods." This preference for present goods over an equal amount of future goods is what he called time-preference. There exists a rate of interest (or profit) because of this time preference; its magnitude is determined, as is the price of any other commodity, by the equilibrium between demand and supply for capital, the former arising from the greater productiveness of "roundabout" methods, and the latter being limited by time preference. Thus while a bourgeois economist like Senior had attributed profits to, "abstinence" on the part of capitalists, and Marshall to what he called "waiting", Bohm-Bawerk took an essentially similar approach but attributed it to "time-preference", a common human trait, according to him. If there were no profits, there would be no roundabout methods of production, i.e., no capital. Profits were required to overcome a common human trait; those earning profits were not exploiting anybody, but simply earning a compensation for overcoming their time-preference, which was made possible because of the use of more "roundabout" and hence more productive methods that this gave rise to. Thus there could be no ethical objection to profits. While the rent of land need not accrue to a particular group of persons, the landlords, profits had necessarily to accrue to those who had overcome their time-preference to make more "roundabout" methods possible.

The second important feature of this new theory is that it necessarily presupposed the absence of any involuntary unemployment of any factor of production. Since the prices of factors were determined in equilibrium by their relative scarcity, any factor which remained unemployed would have its prices driven down to zero. Long before this, however, the factor would have become fully utilised, since the conditions of production were always assumed to be such that one factor could substitute for another, and would do so depending upon their relative prices. The logic of this system of price-determination necessarily presupposed that at some price all supply would be demanded, and this was as true of commodities as of factors of production.

This entire theoretical apparatus, obliterating history, obscuring the

social relations of production, negating class and class-exploitation, and calling into play entirely dubious subjective factors to justify profits, was fundamentally antithetical not only to Marx, but to all that was rich and scientific in English classical political economy. Indeed this apparatus was fashioned out of constructs virtually every one of which had been debunked by Marx as unscientific. Critiques of this theory are well-known, and need not detain us here. Our concern is with the story of its disintegration, to which we now pass.

The Rise of Keynesianism

It was the second of the features mentioned above which was challenged from within the world of bourgeois economics by John Maynard Keynes, namely that the tendency in a capitalist economy is towards the automatic elimination through price-flexibility of involuntary unemployment of the factors of production. Keynesianism was stimulated by the experience of the Great Depression. The hopeless discrepancy between reality and bourgeois theory was apparent in Lionel Robbins' definition of economics as a study of "the adaptation of *scarce* means to given ends",⁴ advanced ironically at a time when millions of workers were unemployed and much of the productive equipment of capitalist countries was lying idle. A state of general and protracted over-production was fundamentally incompatible with bourgeois theory; and yet this is exactly what was happening. Keynes demonstrated that a capitalist economy could settle down at any level of output and employment, both of workers and of equipment, without this necessarily generating any automatic tendency towards full employment.

Keynes was not concerned with such fundamental problems as the explanation of distribution or the origin of profits; in many respects he went along with the prevailing bourgeois theory on the fundamentals. In any case he was not discussing a static equilibrium framework like Bohm-Bawerk but a short-period situation with net investment taking place. His demonstration, nevertheless, seriously undermined the prevailing bourgeois theory. The demonstration itself was quite straightforward: full-employment output would be the equilibrium output only if it is demanded. Demand has two components: consumption demand and investment demand. Full employment output would be demanded only if out of the income corresponding to it, whatever is not spent on consumption (i.e., saved) happens to equal the investment expenditure. But there is no reason to expect this equality to hold, because those undertaking investment expenditures and those undertaking savings are not necessarily identical. Some bourgeois theorists had considered interest rate variations as an equilibrating mechanism between savings and investment, which thus ruled out any problem of deficient demand. But the interest rate, Keynes argued, was a monetary phenomenon, which varied so as to ensure an equilibrium between the demand for and the supply of money. It could not therefore also ensure an equilibrium between

savings and investment. This latter equilibrium was ensured through changes in income, and hence employment, because savings in the economy as a whole were dependent upon the level of income. As a result, given the level of investment, independently decided upon by the capitalists in any period, only that much output was produced and only that much income, hence employment, was generated, the savings out of which were equal to this level of investment. And this level of employment could be well below full employment. To traditional bourgeois theory's argument that reductions in the price of the factor of production, labour, would increase employment, Keynes' answer was that the wage-bargain being in money terms, cuts in money wages in competitive conditions would lead to *pari passu* falls in prices, leaving real wages and the employment situation unchanged. Keynes' argument on this last score, which criticises a traditional bourgeois remedy without, in this instance at any rate, going beyond the traditional bourgeois theory, carried conviction to bourgeois economists who had witnessed the American President Herbert Hoover's hopelessly unsuccessful attempts to cure the Depression by enforcing wage-cuts.

Keynes used his theory to argue the case for state intervention through expenditure and budgetary policies for maintaining a high level of employment in capitalist countries; in fact his writing provides the theoretical underpinning of the economic policies of post-war state monopoly capitalism until recently. He was extremely averse to socialism and to Marxist ideas and in a letter to Bernard Shaw even claimed that his theory would cut the ground from underneath the Marxists' feet. Nevertheless despite his avowedly bourgeois sympathies, despite the fact that his theory relies upon bourgeois categories and constructs, the *problem* he discussed and highlighted, had already been anticipated by Marx. Marx had already shown the vacuity of Say's Law, namely that supply creates its own demand, which Keynes was to attack much later. Marx had already criticised Ricardo for denying on the basis of Say's Law the possibility of a general over-production crisis. What is more, Marx had traced this possibility to its true origin, namely the commodity-form⁵, from which he had concluded that a crisis of over-production was possible even in conditions of simple commodity production through a disruption of the C-M-C circuit. The interposition of money in the process of exchange contained within itself the seeds of a possible general overproduction crisis. With the development of capitalism, how this possibility inherent in the commodity form may become a reality was discussed by Marx when he had talked of "realisation crises". It was not surprising therefore that the rediscovery of the "realisation" problem by Keynes should have revived some interest even in the ranks of bourgeois economists in the works of Marx, which had been assiduously ignored or *debunked* until then by the dominant bourgeois orthodoxy.

But Marx had not merely discussed realisation crises and the general over-production arising therefrom. He had built up in his two-department

scheme a powerful and ingenious apparatus for investigating the process of circulation of capital. With this apparatus, the realisation problem, among others, became analytically tractable. When Keynesian economists, who had struggled with the problem, discovered this apparatus in Marx and made subsequent use of it, the interest in Marx's work was further enhanced. Joan Robinson, one of the active participants, along with R.F. Kahn, in the formulation of Keynesianism, reminisces as follows: "Khan, at the 'circus' where we discussed the *Treatise* in 1931, explained the problem of saving and investment by imagining a cordon round the capital-goods industries and then studying the trade between them and the consumption-goods industries; he was struggling to rediscover Marx's schema."⁶

Interestingly, Michal Kalecki, the Polish economist, who was an engineer by training and whose only acquaintance with economics was his study of Marx, arrived independently of Keynes and even earlier than Keynes, at the basic theoretical conclusions, of Keynes' *General Theory* on the basis of his familiarity with Marx's reproduction schemes. Kalecki's work was in many ways analytically sharper than Keynes' and was unencumbered with any desire to proffer advice to bourgeois governments, Kalecki having had distinct socialist sympathies. Kalecki analysed a simple economy where there are only capitalists and workers. The workers spend their entire wages on consumption; the profits which the capitalists as a class are able to realise depend upon the amount that this class itself spends on consumption and investment. If unsold stocks are quickly liquidated through output curtailment by each capitalist, then the aggregate profits generated would be no more than what is realised, through capitalists' own aggregate spending, whence Kalecki's well-known aphorism: "the workers spend what they earn, but the capitalists earn what they spend". Given the share of profits in net output (or equivalently, given the rate of surplus value), only that much output would be produced in the economy, the profits out of which are exactly equal to the sum of capitalists' investment and consumption during the period, both independently determined as the aggregate of individual capitalists' decisions.

In at least three respects Kalecki went beyond Keynes: first, he provided an explanation of the relative distribution between wages and profits in terms of what he called the "degree of monopoly", i.e., the extent of profit mark-up over variable costs that the capitalists were able to enforce. Secondly, he argued that if money wage-cuts did not lead to a fall in prices *pari passu*, but actually led to a fall in real wages, then unemployment, instead of getting cured as traditional bourgeois economics had asserted and Keynes had accepted, would actually get aggravated. So capitalist attempts to pass the burden of the crisis on to the workers would in fact aggravate the crisis, if successful. Thirdly, he argued that in a modern capitalist economy, full employment or full capacity use may not even be attained at the top of a boom, as the boom may collapse on

account of cut-backs in investment even before scarcities emerge. He also clearly saw that even with Keynesian demand management, state-monopoly capitalism would not achieve full employment, because capitalism needed unemployment to coerce the workers.⁷

The Growth Discussion

Keynesian theory, apart from its direct implications for the earlier bourgeois theory through its demonstration of the possibility of involuntary unemployment, had important indirect implications as well. It led to a shift of focus in bourgeois economics away from micro questions regarding the determination of relative prices and allocation of resources, towards macro questions regarding overall output and employment. This, not surprisingly, soon led to a revival of interest in problems of growth, i.e., how the output at the macro level moves over time. This new theoretical ambience was of course not the sole reason for the revival of interest in the question of economic growth; there were obvious historical reasons as well for it. The Soviet Union under the five-year plans was experiencing phenomenal growth in marked contrast to the capitalist countries. In the post-war years, apart from the growth-contrast between the two systems, there emerged a growth-contrast among the capitalist countries with Japan in particular performing way ahead of some of the other capitalist countries. Added to this was the fact that the newly-independent countries began pursuing policies to step up their rate of economic growth. Thus a new questioning began on the subject of economic growth and bourgeois economics could not remain impervious to it.

But traditional bourgeois theory was singularly inept at handling problems of economic growth, while this had been the *forte* of Marxist economics, concerned all along with the macroscopic questions of accumulation, technical progress, concentration, centralisation, crises, distribution and the falling tendency of the rate of profit. Bourgeois theory by contrast had been generally concerned with static equilibrium, i.e., with stationary systems, rather than with growing systems. This had not just been an oversight or a case of incomplete development. Subjective value and distribution theory, working from individual utility to prices, could up to a point be rendered consistent (though not necessarily valid) when all commodities appearing on the market were final consumer goods with use-values arising from their capacity to satisfy wants immediately. But in a growing system with positive net investment, where a part of the final output consists of investment goods a consistent utility-based story to explain the demand for and the prices of such goods is exceedingly difficult to construct. In short, even if consumption behaviour could be explained in terms of utility, investment behaviour could not be so explained; attempts to do so gave rise to insurmountable problems. Likewise any examination of how even the static equilibrium of bourgeois theory could be achieved, i.e., how the movement from out-of-equilibrium to equilibrium situations could take place, posed serious problems.

Bourgeois theory therefore remained generally content with elaboration of static equilibrium positions. When interest in growth revived in bourgeois economics, it was natural therefore that bourgeois economists should discover the limitations of their own inherited theory and should grope towards issues and problems which had already made their appearance in the writings of Marx.

The initial move was made by Roy Harrod⁸, a follower of Keynes, who sought to extend Keynesian ideas to a discussion of growth. Keynes' had been a short period analysis; he had looked only at the demand generating effect of investment expenditure. But investment expenditure had another effect as well, namely that in course of time it adds to productive capacity, so that investment today means larger productive capacity tomorrow. For this large productive capacity to be adequately utilised, demand tomorrow has to be larger than it is today, for which investment-expenditure tomorrow has to be even larger than it is today. This adds still further to productive capacity in the subsequent period, to utilise which, investment expenditure in that subsequent period has to be still larger, and so on. What Harrod showed is that this balance between demand and capacity can be maintained, and some desired level of utilisation achieved in successive periods, only if investment grows at a particular rate (depending upon the savings ratio and technical factors). But since capitalism is not a planned economy, the aggregate investment there is not a planned entity. So there is nothing to ensure that investment would actually grow at this particular rate. On the contrary, aggregate investment, which is the resultant of investment decisions by many capitalists, is likely to behave in a *destabilising* manner: when for instance investment is low in a particular period leading to less than the desired level of capacity utilisation, investment plans would be cut back so that in the next period investment would be lower still and capacity utilisation would fall further, and this would go on. The converse would be the case if investment happens to be higher than needed to achieve the desired capacity utilisation in any period. Thus, far from achieving the particular growth-rate which alone can ensure stability, a capitalist economy acts in a manner where any deviation of actual growth from this rate tends to set up a cumulative upward or downward movement. This so-called equilibrium growth-rate therefore is like a "knife-edge"; if by some fluke you happen to be on it, a fall in either direction carries you further and further away, with no automatic tendency to get back onto it.

Harrod's demonstration carried with it several important implications. The first and the most obvious concerned the instability of capitalism, namely that the growth-process under capitalism can never be crisis-free. Secondly, it suggested that a capitalist economy would be characterised by more or less chronic unemployment. If a cumulative upward movement brings the economy close to full employment, the economy cannot stay on there. The emergence of labour scarcity would

push the economy downwards, so that at the most there may be brief spells of labour scarcity at the peaks of the booms, but for the rest of the time there would be unemployment. A third but less obvious implication can be deduced from Harrod, which is as follows :

Harrod, and subsequently Domar⁹ who put forward similar ideas, had been talking of *laissez-faire* capitalism where the State did not come in to stabilise the level of economic activity. When the State did do so, however, there was a limitation attending upon such intervention, towards which this third implication pointed. If State intervention to reduce unemployment takes the form of State investment, then this also adds to productive capacity in the subsequent period. Now, if this larger productive capacity is to be adequately utilised in the subsequent period, there has to be larger demand in the economy, for which even larger investment would have to be undertaken. But unemployment having been reduced, the utilisation of this larger productive capacity in the subsequent period would give rise to labour scarcity and inflation. On the other hand, if the larger capacity is not utilised, and inflation is kept in check, then the unutilised capacity would mean a lower rate of profit for the private capitalists, which they would resent and which would set off a recessionary tendency. The logic of the system therefore is such that State intervention to reduce unemployment would be more effective if it takes the form of wasteful and unproductive expenditure, than if it takes the form of productive investment which adds to productive capacity.¹⁰ It is not surprising that capitalists oppose state investment in the particular spheres in which they are entrenched, owing to their fear that their rate of profit would fall.

The fact that demand management is better effected through unproductive rather than productive expenditure had been appreciated by Keynes himself : "two pyramids, two masses for the dead, are twice as one; but not so two railways from London to York".¹¹ And the bourgeois growth discussion also pointed to this fact. As we know of course, it was neither pyramids nor masses for the dead, but large-scale military expenditure through which the level of economic activity was sought to be propped up under post-war state monopoly capitalism which came to be dominated by a military-industrial complex.

The Harrod-Domar discussion dealt another blow to the basic presuppositions of traditional bourgeois economics. This had been concerned with showing that the net result of individual decision-making, each relating to the market on his own and maximising his utility or profits, was a smoothly functioning economy with an automatic tendency towards equilibrium and efficiency. So ingrained was this belief in the efficacy of the market that Ludwig Von Mises had built up his case against socialism on the grounds that it would do away with the market. Here however was bourgeois growth theory showing that far from there being any automatic tendency towards equilibrium growth with full employment, a system of individual decision-making, based on market signals,

introduced instability, crises and more or less chronic unemployment. And this is precisely what Marx had said. Not only that, Marx had actually built up in his two-department schema an apparatus for examining the whole range of questions which bourgeois economics was beginning to discuss, and these schema had been used for discussing questions relating to growth by a number of Russian writers, including Lenin, around the turn of the century. Moreover, the points made by Harrod, who like Keynes had impeccable "credentials", were also being made by many economists with Marxist sympathies.

It was natural therefore that Harrod's and Domar's work should arouse much controversy among bourgeois economists. We need not review this controversy here except to note a basic limitation of Harrod's approach. The exclusive emphasis in this approach, as indeed in the whole Keynesian analysis, was on the problem of demand, on the question of "realisation". The bulk of the bourgeois economists, even if they no longer accepted the efficacy of the market, comforted themselves with the thought that, with State intervention, the demand problem could be taken care of, and capitalism made crisis-free. Thus while bourgeois economics had to shed many of its earlier illusions, it clung to its euphoria about the fate of the system, as patched up with Keynesian demand-management. Even those economists with Marxist sympathies, who had emphasised this particular contradiction in capitalism, involving deficiency of demand, to the exclusion of other contradictions, found themselves in a position where they had to shift their critique of capitalism to moral grounds. Their critique in effect became: "Yes, capitalism may overcome its crisis, but in what a grotesque way, through militarism and dangerous war-preparations". The fact that the overcoming of this contradiction accentuated other contradictions, so that demand management did not make capitalism crisis-free, was not appreciated not only by bourgeois economics, which of course is to be expected, but even by those with Marxist sympathies who exclusively emphasised the underconsumption aspect.

Few bourgeois economists could have anticipated either the new and protracted crisis which afflicted capitalism in the seventies, or the eclipse of Keynesianism which came about as a result. But to Marxism this came as no surprise. Marxism does not have a monocausal theory of crises; contradictions of capitalism inevitably manifest themselves in crises, not necessarily through one particular route, but in diverse possible ways. Moreover with the development of capitalism into monopoly capitalism and imperialism, the nature of crises does not stay the same. In short, Marxism is not one particular *model* of capitalist growth. It encompasses a rich complexity and attempts to study concrete conditions on the basis of certain categories deriving from the underlying social relations. The post-war bourgeois growth theory was a belated and limited recognition of one element of this complexity. Nevertheless it did play a role in undermining the dominance of that body of bourgeois

theory which had been assiduously developed in implicit or explicit opposition to Marx over a century ago.

The Sraffa Critique

If Keynesianism and the growth discussion that ensued constituted the first breach in traditional bourgeois theory, the second breach came from a different quarter altogether. This was made by Piero Sraffa's book *Production of Commodities by Means of Commodities* which was published in 1960. Sraffa had been a close friend of Antonio Gramsci, the Italian Communist leader, and was in the process of editing the *Works and Correspondence* of David Ricardo. Sraffa's book contained a logical critique of subjective value theory precisely on the question of value and distribution, and a rehabilitation of the Ricardian, and upto a point of the Marxian, tradition on this question. Its power lay in the fact that it showed traditional bourgeois theory to be *logically* untenable, not just irrelevant or unreal or useless. And this he showed in the context of static equilibrium itself, i.e., in the terrain chosen by traditional bourgeois theory itself. Since it was precisely in the realm of value and distribution that subjective theory had been built up as a counter to Marx, Sraffa's demolition job was of great ideological significance.

The subjective theory had explained distribution as an outcome of the exchange process. In static equilibrium, all prices, of final products as well as of "factors of production", were determined in such a way that supply and demand were equal in every market. But a necessary condition for such a static equilibrium to exist at all is that when the price of a particular commodity, whether final good or factor of production, falls, the demand for it should increase, for only then can a set of determinate prices be said to exist at which what is supplied would be demanded. For factors of production as conceived in subjective theory, this would mean for example that a fall in real wages should increase the demand for labour and a fall in interest rate, the demand for "capital". And this was supposed to come about through changes in the methods of production. With a fall in real wages, more labour-intensive methods, i.e., less capital intensive methods, would be used in the economy, while with a rise in real wages, less labour-intensive and more capital-intensive methods would be used. This in turn presupposes that methods of production can be distinguished from one another in terms of higher or lower capital-intensity, quite independent of the wage-rate or the interest-rate; i.e., no matter what the wage-rate or the interest rate happens to be, we should be able unambiguously to say that method A is more capital-intensive than method B. And this is exactly what subjective value theory assumed. When Bohm-Bawerk talked of more or less round-about, i.e. capital-intensive, methods of production, the implication was that methods of production could be so arranged quite clearly and unambiguously.

What Sraffa showed was that such an ordering of methods of

production, e.g., that A is always a more capital-intensive method than B, does not hold. The reason is quite simple. While labour, land, etc., are measured in their natural units, e.g., so many man-hours or so many acres, capital represents a value sum, which can be evaluated only when the prices of production, i.e. equilibrium prices ensuring equal rates of profit everywhere, are known. Since the relative prices of production change depending upon changes in the wage-rate or in the rate of profit (owing to changing relative deviations of prices of production from values in Marx's theory), the physical means of production per unit of direct labour in method A may have a lower or higher value sum (evaluated at the prices of production) than in method B, depending upon the wage rate. In short, method A may be more "capital-intensive" than B at some wage-rates, but less "capital-intensive" at others.

Accordingly, Sraffa showed that the idea that with rising wages we move to more and more "capital intensive" techniques is an absurd one. Method A may be most profitable at say, a low level of wages; method B may become more profitable as wages increase, but as wages rise still further, method A may again become the favoured one. And it is not even the case that at every such switch the capital value per worker in the preferred method would be higher.

In sum, therefore, the very foundations of subjective value and distribution theory are logically faulty. The notion of "factor-substitution", so central to this theory, has no meaning; the notion of capital as a "factor of production" on a par with labour has no meaning; the prices of production can be determined only if the real wage, or more generally distribution, is already known; and instead of distribution being an outcome of the exchange process, its determinants lie outside of the exchange sphere.

Real wages in other words are not such as would bring about full employment of the labour force. The determination of real wages takes place at a different level altogether, and prices of production are formed only on the basis of this determination; they presuppose this determination. In Ricardo, the real wages corresponded to the subsistence requirements of the workers, though in explaining why this was so Ricardo had to fall back on the repugnant Malthusian theory of population, which Marx characterised as a "libel on the human race". In Marx, the value of labour-power was determined by the value of the means of subsistence required for its reproduction, this being understood of course not merely as a biological requirement but containing a "historical and moral element" in it, i.e., what was deemed necessary at any given time and place. This was so because there always existed an industrial reserve army, so that the rise of wages was confined within limits which not only left intact the foundations of the capitalist system but also secured its reproduction on a progressive scale. But the organisation of workers, Marx said, could destroy or weaken "the ruinous effects of this natural law of capitalist production on their class".¹² So, the idea of real wages being determined

so that the entire labour-supply was fully employed at that wage was a fable invented by bourgeois apologetic. And Sraffa's demonstration destroyed the logical basis of that fable.

Sraffa also demonstrated that given the real wage (or the share of wages), the conditions of production prevailing determine the prices of production, upon which the pattern of consumption and demand has no influence whatsoever. In other words, use-value does not enter into the determination of the prices of production. If commodities sell at their prices of production, this of course presupposes that supply and demand at these prices coincide, but this is because the *amounts* of the various commodities supplied have adjusted to their respective demands. Thus, the fact that prices of production can prevail only if demand and supply are equal at these prices, does not mean that these prices are determined by supply and demand. As Marx put it: "It is evident that the real inner laws of capitalist production cannot be explained by the interaction of supply and demand...because these laws cannot be observed in their pure state, until supply and demand cease to act, i.e., are equated."¹³ In locating the determination of prices of production in the conditions of production, including the conditions of reproduction of labour-power, i.e., given the real wage or the quantities of commodities constituting the requisite means of subsistence of the worker, Sraffa revived the approach of classical political economy, especially Ricardo.

Sraffa's was a logical effort. It exposed the logical inconsistency of subjective value theory and established the logical consistency of Ricardo's approach to the question. In doing the latter, it also validated that part of Marx's discussion which was common ground between Marx and Ricardo, i.e., the proposition that given the real wage rate there exist a set of prices of production independent of demand at which the rate of profit is equalised across the different spheres, and that if commodity supplies adjust freely to demand the tendency would be for these prices to be established. But Marx's value theory was much more than this proposition. In fact Marx did not discuss prices of production and the deviation of these prices from labour values until the third volume of *Capital*, and even then, having noted it, continued to talk in terms of labour-value magnitudes. In other words, Marx's value discussion is not confined to the question of what determines the equilibrium prices which equalise the rate of profit. It provides the key to an understanding of the law of motion of capitalism that Marx had discovered: the social relations underlying the system that made it move necessarily in a particular way. It is not a mere simplification or an expositional device. Labour-values correspond to the social relations of production under capitalism, observed in their pure form without the disturbance introduced from the sphere of circulation by the distribution of surplus value among capitalists that gives rise to the deviation of prices of production from values. Labour values therefore correspond to a reality, a deeper reality than is revealed by the prices of production which would be unintelligible

without labour-values, even though they deviate from the latter; they would be unintelligible because prices of production say nothing whatsoever about where and how exploitation takes place under capitalism. Marx was not talking lightly when he said; "the price of production is an utterly external and *prima facie* meaningless form of the value of commodities, a form as it appears in competition, therefore in the mind of the vulgar capitalist, and consequently in that of the vulgar economist".¹⁴

Yet following Sraffa's work, there has been a revival of Ricardianism, a neo-Ricardian upsurge, which on the one hand starts analysis from the prices of production abandoning labour values altogether, and with it Marx's law of value, and on the other hand arbitrarily assimilates Marx into Ricardo by borrowing individual bits and pieces of Marx's total and integrated analysis to create variants of an eclectic system, which are passed off by some as the essence of Marx, and by others as an improvement over Marx. We shall briefly return to this pot-pourri in the final section; but no matter what Sraffa's analysis may have spawned, in an account of the disintegration of bourgeois theory and a revival of interest in classical political economy, and by implication at least in Marx, the importance of its role must be acknowledged.

The Impact of Decolonisation

An important historical reason for the eclipse of traditional bourgeois theory was linked to the process of decolonisation. Traditional bourgeois theory did not, indeed could not, strike roots in the minds of even bourgeois intellectuals who had grown up in a colonial milieu. Their practical life-experience militated against virtually every single proposition of traditional bourgeois theory. Its proposition that no scientific content could be given to the concept of exploitation in economic life went against their practical perception of the drain of wealth which went on from their countries to the metropolitan countries; its proposition that trade, whether between persons or between nations, benefited all parties went against their memory of the decimation of traditional-crafts and industries in their own countries and the absence of significant modern industrial development; its proposition that capitalism automatically ensured full employment of all "factors of production" went against the observed fact of large-scale open or disguised unemployment in their countries; its paradigm of atomistic individuals voluntarily engaging in exchange in their own self-interest went against the history of coercion that had dragged their countries into world commerce and kept them there as recipients of the burdens of capitalist crises; its micro preoccupation with allocation of resources in a static context went against their macro concern with problems of national development. In short traditional bourgeois theory could hardly have much appeal even to bourgeois intellectuals in colonial countries striving for independence. And after independence, as the weight of these countries and these intellectuals in

the arena of international discussions increased, the weight and authority of traditional bourgeois theory correspondingly suffered an attenuation. In any case, even many bourgeois governments and bourgeois intellectuals, in Third World countries swore by some version of home-brewed "socialism" or the other; besides, their intellectual concern in the sphere of economics necessarily had to have a macroscopic and historical perspective. Even the so-called development theory which emerged in the West had to share such a perspective. And within this perspective, Marx and Marxist economics could not be ignored. Even while distancing themselves from Marx, a large number of bourgeois economists from the Third World, barring those few who thought salvation lay in the pursuit of World Bank or IMF-favoured policies, were forced to reckon with Marxist ideas, and even to acknowledge Marx's theoretical greatness. And this could hardly fail to affect bourgeois development economics as it emerged in the West. Pushing Marxian ideas under the carpet was no longer possible. The reality of neo-colonialism, of the Vietnam war, of neo-colonial aggressiveness all over the world, further discredited any attempt to discuss problems of the capitalist world economy, and of the Third World in particular, in isolation from the socio-historical context.

In the sphere of economic techniques also, there was a revival of interest in Marx. Many Third World countries initiated some kind of "planning"; economists associated with this process often had to turn to the Soviet experience and the Soviet discussion which had taken Marx as the point of departure. A striking illustration was Mahalanobis plan model worked out on the eve of India's Second Five-Year Plan, which was very similar to the work of a Soviet economist Feldman, that had taken Marx's two-department schema as the starting point. Like-wise the so-called input-output analysis developed by Wassily Leontief, who was in the Soviet Union till 1925 before emigrating to the West, had its clear antecedents in Marx's two-department schema. Examples of this kind can be multiplied, but the point is clear; the neglect which had shrouded the work of Marx in the period of dominance of traditional bourgeois theory, with subjective value and distribution theory as its corner-stone, had to gradually give way to a recognition; even among bourgeois economists, of some at least of his theoretical contributions. But this, paradoxically, poses a new and altogether unprecedented challenge to Marxian economics, to which we now turn.

The Specificity of Marxist Economics

There is at the moment no single, unified and dominant theoretical system in the world of bourgeois economics. The system erected of Jevons, Menger and Walras, has been in the process of disintegration. Keynes, who was more concerned as a practical bourgeois economist in stabilising capitalism through state intervention in demand management, never provided an alternative theoretical system going to the fundamentals of political economy, e.g., the explanation of

profits, as a counter to Marx. And in the current capitalist crisis, even the Keynesian policy prescriptions have been discredited. Attempts have no doubt been made to repair collapsing theoretical structures and to fashion out of them something that can hold together. But these have made little headway as yet. Two consequences of this situation need to be noted: first, in the absence of any dominant theory, a number of alternative bourgeois and petty-bourgeois theories on particular questions have come up. Tendencies which had remained suppressed or marginalised in the period of dominance of traditional bourgeois theory can assert themselves more confidently now. Secondly, many of these tendencies employ a good deal of eclecticism. This eclecticism extends to borrowing particular bits and pieces from Marx. So the revival of interest in Marx has also implied attempts to assimilate Marx into one or the other of the non-Marxist tendencies. This movement has been paralleled by another one. Tendencies claiming adherence to Marx have simultaneously been attempting to "enrich" Marxism by importing into it ideas from alien tendencies which are in fact incompatible with its fundamentals. This import is often sought to be legitimised by suitably redefining the fundamentals by drawing distinctions between Marx and Lenin, between Marx and Engels and even within Marx himself. Thus the disintegration of traditional bourgeois theory and the growth of a number of radical bourgeois and petty-bourgeois tendencies in its place, while certainly reviving interest in Marxism, has also led to a blurring of distinctions between Marxist and non-Marxist tendencies, to a dilution of the specificity of Marxism which Marx and Engels had fought so hard to establish.

One such non-Marxist tendency has been referred to above, namely neo-Ricardianism. Just as Sraffa's work was followed by a neo-Ricardian upsurge, Keynes' work was followed by the growth of a Left Keynesian tendency, which was critical of capitalism on the grounds that it could get rid of unemployment only by a cure which was worse than the disease, namely armaments expenditure. These two tendencies have much in common, and they also share in many respects the outlook of the Institutionalists.¹⁵ Their critique of capitalism is essentially a moral one, reminiscent of pre-Marxian radical writers.

The fundamental difference between Marxism and all such tendencies, no matter how radical and how "sympathetic" to Marx, lies in the fact that Marxism looks upon capitalism as being subject to a law of motion. Capitalism is a system governed by economic laws, which propel its movement in a particular direction. Of course how these laws manifest themselves concretely, how capitalism develops and behaves concretely can be studied only concretely. But such a study is impossible without an analysis of the economic laws of the capitalist mode of production. The difference between Marx and all pre-Marxian socialism lay in this. Pre-Marxian socialists too had talked of exploitation: Proudhon had declared, "property is theft"; Hodgskin had said that profit and rent alike were

filched from labour. What Marx did was to integrate the phenomenon of exploitation with his discovery of the laws of capitalist production. Exploitation can be scientifically analysed within the context of these laws, which in turn are what they are because capitalism is a particular kind of antagonistic mode of production, based on exploitation. In Marx's theory, exploitation ceased to be a moral concept, a "bad thing"; transition to socialism ceased to be merely a desirable occurrence, "a good thing." Rather, the laws of capitalist development were such as to create inevitably the conditions for the overthrow of capitalism and the transition to socialism. To lay bare these laws Marx started with the simplest of relations in bourgeois society, i.e., the commodity. The entire discussion on commodities and the law of value in Vol. I. of *Capital* is essential for this purpose, i.e., for understanding the laws of the capitalist mode of production.

All other tendencies, no matter how radical, have this in common: they do not look upon capitalism as a law-governed system, i.e., as a system propelled by its inner working in a certain direction. To the extent that they do use concepts akin to Marx, e.g., exploitation, these concepts are detached from their scientific moorings in Marx, from their context of a law-governed system, and restored to their pre-Marxian moral context. It is as if the Marxist theoretical framework is shaken loose and concepts which had definite scientific meanings within this framework are detached from it and used in an alternative context of diffuse radicalism. For this shaking loose to be successful, a binding material of the Marxist framework must first be attacked, and this is Marx's law of value. Abandonment of labour-values, depreciation of Marx's Vol. I analysis of the law of value, is almost the touchstone of all non-Marxist theories. And once labour-values are abandoned, once analysis begins with prices of production, once the Marxist theoretical framework is shaken loose, then even if dozens of Marx's concepts are employed in some substitute theory, that theory cannot but be an eclectic one.

The superiority of Marx's theory which looks at tendencies under capitalism, over all other pre-Marxian, or currently fashionable non-Marxist radical theories, lies in the fact that concrete analysis of concrete conditions can be undertaken only on the basis of the former. The latter's reaction to concrete conditions is usually one of moral opprobrium; or at best the latter can attempt particular empiricist explanations and analyses of particular concrete conditions, each such analysis being more or less disjointed from similar analysis of other concrete conditions. But to comprehend and analyse the totality of a concrete situation, to locate it in its historical context, to anticipate the possibilities that this situation is pregnant with: this only Marxism in principle can achieve, which is why there is a Marxist analysis of history, but not a specifically Proudhonian one, or a specifically Ricardian or neo-Ricardian one, nor a specifically Left-Keynesian one.

NOTES AND REFERENCES

1. For these and other similar estimates of Marx by bourgeois economists see Maurice Dobb, *Theories of Value and Distribution since Adam Smith*, Cambridge University Press, 1973, pp. 141-2.
2. Dobb; *op. cit.*, pp. 137-141; an extensive treatment of the views of Ricardian Socialists is to be found in Marx's *Theories of Surplus Value*, Part III, Ch XXI
3. Marx, *op. cit.*, p. 263 (Lawrence and Wishart, 1972).
4. Lionel Robbins, *The Nature and Significance of Economic Science*, London, 1935
5. Marx, *Theories of Surplus Value*, Part II, Ch. XVII
6. Joan Robinson, "Kalecki and Keynes," in *Collected Economic Papers Vol II*, (Blackwell, 1975)
7. For this last point, see Kalecki, "Political Aspects of Full Employment" in *Selected Essays on the Dynamics of a Capitalist Economy*, Cambridge 1971
8. Roy Harrod, *Towards a Dynamic Economics*, London, 1948, which carried forward his earlier argument developed in an article in *Economic Journal*, 1939
9. E.D. Domar, "Expansion and Employment," *American Economic Review*, March 1947
10. For a recognition of this point, see Joan Robinson, "Marx, Marshall and Keynes" in *Collected Economic Papers Vol II*, (Blackwell, 1975)
11. J.M. Keynes, *The General Theory of Employment, Interest and Money*, (Macmillan 1949), p. 131
12. Marx, *Capital*, Vol I. (Lawrence and Wishart), p. 640
13. Marx, *Capital* Vol III. (Progress Publishers, 1974), p. 189
14. *Ibid*, p. 198
15. Institutionalism as a tendency in economics was particularly in vogue in the United States in the 1920s and 30s through the writings of Thorstein Veblen, John R. Commons and Wesley C. Mitchell. Although institutionalism never became a major school of economic thought, it exerted considerable influence through the works of R.H. Tawney, Sidney and Beatrice Webb, and continues to do so through J.K. Galbraith and others; Gunnar Myrdal (*Asian Drama*) explicitly espouses an Institutional position. While Institutionalism emphasises the influence of changing customs and institutions and seeks to explain economic problems at least partly in terms of broader social and cultural phenomena, much of it is of a descriptive character, and in any case quite far removed from historical materialism.

AŠHOK V. DESAI*

New Forms of International Investment in India

New forms of investment, to use the term designed by Charles Oman (1), have one characteristic in common, namely that the "investor", whether he actually invests in the enterprise that he assists or not, receives a price for the assistance that in one way or another depends on the economic performance of the enterprise. His interest therefore lies not simply in selling something—be it technology, management expertise, marketing services, or some other valuable service—but in ensuring that the service actually benefits the enterprise. It is possible to identify a large number of marketable services which share this characteristic to a greater or less extent. But some of them have witnessed a great boom in the post-war period; it is to these that Oman's paper refers.

The present paper discusses the new forms of investment which have been prevalent in India. Some of the new forms are virtually absent in India; we mention them below and give the reasons which in our view account for their absence.

Franchises differ from other licensing arrangements in that the element of marketing assistance, including the assignment of a brand name, is their dominant feature, whilst the transfer of technology tends to predominate in licensing agreements. They have been inhibited in India by the fact that the import of trade marks divorced from technology was disallowed from the time when technology imports came to be regulated. Since the late sixties there has been a general embargo on the use of foreign brand names in domestic sales. The only prominent arrangement which could be called a franchise was that of Coca Cola, which assisted Pure Drinks, a Delhi bottler, to set up Coca Cola bottling plants all over the country using concentrate imported from the parent corporation through a subsidiary from the fifties onwards. The Indian subsidiary was under constant pressure from the government to produce the

*National Council of Applied Economic Research

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concentrate domestically, but warded it off by exporting various goods like advertisement hoardings and tea and earning import replenishment licences thereby. In 1977 the government asked Coca Cola Corporation, under the Foreign Exchange Regulation Act of 1974, to reduce its shareholding in its subsidiary to 40 per cent, and rather than do so, Coca Cola left India. Pure Drinks began to manufacture a concentrate which was a close substitute of Coca Cola, and with its help managed to capture for its new brand, Campa Cola, virtually the entire market commanded by Coca Cola.

Management and service contracts are quite unknown in India. These are prevalent in countries with severe shortages of professionals and managers. Not only are these in plentiful supply in India, but their salaries are considerably lower than abroad. Hence foreign enterprises also tend to use predominantly Indian managers. This may also be due to the fact that the Indian business environment—government controls, labour relations, the working of the markets—makes it difficult for foreign managers to use their skills with advantage.

Product-in-hand contracts, which are a combination of turnkey and management contracts, are also absent for the same reasons.

Production-sharing and risk-service contracts find extensive use only in the oil industry. When Exxon (then Stanvac) built a refinery in India in the early fifties, it also took up an exploration contract for some blocks in northern India. In 1956 the government took the decision to exclude the private sector from the oil industry, so no exploration contracts were given till the oil crisis of 1973. Then the urgency of oil exploration was realized, and production-sharing contracts were made with Reading and Bates for the exploration of a block off Kutch on the west coast and Asamera for the survey of a block off Vishakhapatnam on the east coast; neither contract led to any discovery. After the next rise in oil prices in 1980 the government again put out a large number of onshore and offshore blocks on offer. Though over sixty offers were received, only one contract was signed with Chevron for an offshore block off the west coast.

International subcontracting has also been far less important in India than in some Asean countries and South Korea. Since it has failed to grow despite strong encouragement from the government, it merits more detailed discussion. We shall return to it in section VI.

The plan of this paper is as follows. In section I we discuss the evolution of government policy towards foreign investment. In section II we discuss foreign direct investment. We go on in section III to joint and minority ventures, and in section IV to licensing arrangements. In section V we discuss plant construction, within whose context we place turnkey contracts. In section VI we turn to subcontracting. In section VII we conclude with our overall view of the forces that have shaped the new forms of investment in India.

Government policy towards foreign enterprises

The economy of pre-independence India showed two unmistakable characteristics : (a) extreme specialization of its industries in textiles and agriculture-based goods and import-dependence in respect of a wide range of goods, and (b) the division of large-scale industry between foreign (mainly British) and Indian ownership, with little joint enterprise.

The specialization of pre-independence industry can best be seen in the light of the subsequent diversification (Table 1); the post-independence growth has been especially rapid in technology-intensive industries like engineering and chemicals. A less autarchic trade policy might have led to a smaller shift in the industrial structure. But most of the industries that have grown are ones in which India has no particular disadvantage except for small scales and lack of indigenous technology; and these two lacunae are so widespread that they effect the level of industrialization

TABLE 1
Changes in the structure of industrial production 1951-1980

	(Per cent of total industrial production)				
	1951	1956	1960	1970	1980 ¹
I Basic goods			(25.1)	(32.3)	(35.3)
of which Coal	6.7	7.0		6.0	5.9
Fertilizers				1.4	3.0
Chemicals				1.6	1.7
Cement	1.9	1.2	1.2	1.2	1.9
Iron and steel	5.9	7.5	6.2	7.0	6.4
Non-ferrous metals	2.1	1.8		1.8	1.4
Electricity	2.1	3.7	5.4	9.2	12.1
II Capital goods			(11.8)	(15.3)	(17.0)
of which Heavy electrical equipment				1.5	1.9
Railway equipment			3.5	3.0	2.1
Heavy road vehicles				2.5	2.2
III Intermediate goods			(25.9)	(21.0)	(19.6)
of which Cotton yarn			11.8	6.2	5.1
Jute goods	11.9	5.6	4.0	2.7	2.3
Tyres and tubes			1.5	1.4	1.6
Synthetic fibres			0.6	1.2	1.4
Refined oil products		3.8	1.3	1.6	1.5
IV Consumer durables				(3.4)	(3.7)
of which Motor cycles and bicycles			0.5	0.8	1.2
V Non-durable consumer goods			(37.3)	(28.1)	(24.7)
of which Sugar	4.3	4.5	3.6	2.8	1.8
Tea	5.9	7.4	5.1	2.6	2.4
Cotton cloth ²	36.1	32.1	9.4	5.3	3.5
Paper	1.6	1.4	1.6	2.2	1.9
Drugs			2.2	3.1	3.2

1. Calculated from the 1970 weights and the 1980 index.

2. Large mills only, whose share in output has been falling. 1951 and 1956 figures include cotton yarn.

Sources : Reserve Bank of India (2, 3, 4).

more than they do the industrial structure. In other words, the industrial structure would have changed in the direction in which it did, whatever the industrial and trade policy.

The pattern of specialization of Indian industry was related to the Indo-British relationship. Instances abound in the pre-war Indian literature of discrimination by the British Indian government in favour of British exporters to India. This discrimination was gradually weakened and selective protection of Indian industries was introduced by the British government after the First World War in response to nationalistic pressures in India. But in view of the conflict between British and Indian enterprise, the discrimination was bound to be reversed after independence.

Within India, the pre-independence industry was divided into sectors largely owned by British capital—jute, tea, coal, mica, magnesium, gold and shipping—and those under Indian ownership. The dominance of British interests was related to their better access to the British market and to their early acquisition of mineral resources; industries in which they did not enjoy these advantages were largely in Indian hands. But the belief was almost universal among Indian businessmen that the British government discriminated in favour of British business interests, and there was consequent disinclination to enter British-dominated industries. Here too, independence was bound to reverse the discrimination.¹

This reversal was slow, and came in stages. In the first years after independence, there was little change. An outflow of British capital had started after 1931 owing to the fear of nationalistic pressures and of possible independence. After the War it was accelerated by the purchase of British-owned companies by Indian traders who had made money during the War. A number of the leading industrial houses of India today, such as Goenka, Bangur, Kanoria, Dalmia and Jain, entered industry by this route.

The new government which took over when India became independent in 1947 had definite views on the acceleration of industrial growth and a change in industrial structure. In order to implement them it passed the Industrial Development and Regulation Act in 1951. This act was essentially a piece of enabling legislation, but it led to the establishment of a machinery for the licensing of new industrial ventures (later extended even to existing industrial plants if they competed with industries reserved for small firms). It was reinforced by the import licensing mechanism which had been maintained intact after the World War, and other pieces of regulative machinery which had survived or which were built up anew.

In 1956 was introduced the regulation of technology imports, and the committee which regulated them also controlled foreign investment. Foreign investment without technology imports was generally not allowed, though an exception was made for certain non-controlling investments by

1. The best reference on this subject remains Kidron (5).

non-resident Indians in the 1970s and for Arab investments in 1982. The latter, though allowed in principle, continue to be regulated.

The licensing machinery set up after the Industrial Development Regulation Act in 1951 did not openly discriminate against foreign enterprises. But where the Industrial Licensing Committee had a choice among possible investors, it may have favoured an Indian against a foreign one, especially after 1956 when the shortage of foreign exchange supported the limitation of outflows on account of dividends. Nevertheless, a large number of companies under foreign ownership were incorporated in the late fifties. The impetus came from the same shortage of foreign exchange, which led to the severe import controls and gave domestic manufacture a strong edge over imports. As a result, foreign companies which earlier exported to India had to decide whether to give up the Indian market or to set up manufacturing facilities in India. A number of them, including Ford and Dodge, closed down operations, but a large number started domestic production in India, especially in chemicals and pharmaceuticals (NCAER (6), p 117 ff).

There was little discrimination against foreign enterprises till the mid-sixties. In 1966 began an industrial recession which intensified industrial competition, and this competition increasingly took political forms. The industrial licensing committee began to discriminate against foreign enterprises, and this discrimination was given a statutory form in a government statement on 27 November, 1968 which specified industries in which foreign investment was not permitted, and specified that all cases where the foreign share of equity exceeded 40 per cent would require cabinet approval (National Council of Applied Economic Research (7), p 76 ff). The Monopolies and Restrictive Trade Practices Act of 1969 introduced special licensing procedures for undertakings belonging to specified big business houses and companies under foreign ownership.

Those procedures proved vexatious and cumbersome. But once the Monopolies and Restrictive Practices Commission was set up, it was politically impossible to dismantle it. Hence a way of bypassing the Commission was offered to foreign companies by the Foreign Exchange Regulation Act of 1974, which exempted companies with 40 per cent or lower foreign share in equity from the application of the MRTP Act. The 1974 Act also compelled foreign-owned companies to reduce the foreign shareholding to 40 per cent, though a higher percentage was allowed to companies which could convince the government that they possessed high technology or exported a large proportion of their output.

This Act was followed by a long and, in some cases, painful process of divestiture. Whilst its intention was to liberalize the restrictions on foreign companies, foreign investors, who lay particular stress on majority ownership, were not impressed by the liberalization, and vexed by the imposed loss of majority control. A handful of them left India; some made agreements with their Indian affiliates whereby they would lose access to their parents' technology if the parents' shareholding in them fell

any further. By and large the MRTTP and FER Acts discouraged foreign investment, which fell in the seventies.

Foreign direct investment

The Reserve Bank of India distinguishes between three types of foreign investment: investment in branches, investment in Indian companies under foreign control, and other investment. Among companies under foreign control the Reserve Bank sometimes distinguishes between subsidiaries, which are under majority control, and others. Since early years of independence the government has encouraged the conversion of branches into Rupee companies by means of differential taxation.¹ The Foreign Exchange Regulation Act of 1974 sought to encourage the conversion of subsidiaries into companies under minority foreign control.

The Reserve Bank has published statistics of foreign capital up to 1972; they are summarized in Table 2. It will be seen that the government policy of favouring Rupee companies against branches was eminently successful: capital invested in branches was almost halved between 1955 and 1972, while investment in subsidiaries increased more than fourfold. However, this was probably less due to the conversion of branches into subsidiary companies than due to disinvestment in branches. The branches were mainly in plantations, coal mines and services, industries where competition from Indian enterprises emerged after independence; consequently a great many branches were sold off to Indian interests. Between 1964-65 and 1971-72 the profits of foreign branches in plantations, mines, and services fell from Rs. 90 million to Rs. 51 million, whilst the profits of branches in petroleum and manufacturing rose from Rs. 48 million to Rs. 133 million (Reserve Bank of India, (3), p 423). It will be noticed that the fifties and sixties saw a large rise in minority investment as well, which would count as a new form of investment.

TABLE 2
Foreign private direct investment in India

	1948	1955	1961	1967 ^a	(Rs. million)	
					1967 ^b	1972
Foreign branches		2431	2715	2445	2800	2310
Companies under foreign control		1434	2569	4084	4120	5839
Other equity investment		392	430	632	632	977
	2176	4257	5714	7161	7552	9126

a. At the exchange rates prevailing before the devaluation of 1956

b. At post-devaluation exchange rates

Source: Chandra (8), p 7

It would seem that investment in controlled companies rose faster than minority investment, but this is misleading. The Reserve Bank includes retained earnings in the foreign capital of controlled companies, but not in the foreign minority investments. Of the additions to foreign

1. See National Council of Applied Economic Research (6), pp 61-71.

capital in controlled companies of Rs. 2748 million between 1964-65 and 1971-72, Rs. 1814 million or two-thirds was in the form of retained earnings. If companies with minority foreign investment retained earnings on the same scale as those under foreign control, the exclusion of retained earnings from minority investment must lead to a considerable underestimation, and might also reduce its rate of increase.

What is the relative importance of foreign direct investment in the Indian economy? According to Chandra's calculations (8, p 11), the share of foreign branches and controlled companies in total corporate sales (including those of government companies) fluctuated between 22 and 26 per cent between 1957-58 and 1972-73; their share in corporate pre-tax profits rose from 30 per cent in 1959-60 to 47 per cent in 1972-73. The inadequacy of the underlying data and the heroic assumptions behind the figures we have quoted are explained by Chandra. We, however, believe that the share of foreign branches and controlled companies is exaggerated and is shown by Chandra to rise faster than it actually did—if it did at all—for two reasons. First the official coverage of Indian companies has steadily worsened. Although all companies are required to send their balance sheets to the Registrar of Companies, only a small and probably decreasing proportion do. Anyone who has worked in the libraries of the Registrar or of the Department of Company Affairs, as we have done, can testify to this. Second, it is our impression that corporate enterprise itself has been losing ground in India. This is shown by a number of indicators. The proportion of corporate investment in total GCF has been falling. In at least two major industries, textile spinning and sugar, cooperatives have replaced companies as the major form of enterprise, whilst in others like textile weaving, other forms of non-corporate enterprise have become dominant. So the share of foreign branches and controlled companies in total corporate magnitudes tells us nothing about their share in total production or profits.

We have attempted a calculation that is free from this shortcoming. The value of output of the factory sector in 1978-79 was Rs. 445 billion (and the official coverage of the factory sector as well as its share in industrial production are believed to be declining). Enterprises accounting for Rs. 250 billion of this output were classified by markets by the Centre for Monitoring Indian Economy (9). Of the 140 markets for which the Centre compiled data, we found foreign enterprises in 49 (10). Their sales in these markets were just over Rs. 8 billion, or less than 2 per cent of the factory output. The extraordinarily high figures obtained by Nirmal Chandra thus only reflect the enormous underestimation of the sales of Indian companies as well as the growing unimportance of corporate enterprise in India.

In support of our view that foreign investment has been unimportant as a source of capital formation, we cite figures in Table 3 of the sources of finance of companies that issued capital in the 1970s. These exaggerate the contribution of foreign capital for two reasons: they pertain only to

companies, and they exclude companies which financed their investment without recourse to the capital market. But even for the issuing companies, the contribution of foreign investment was negligible—just over 1 per cent in the early seventies, and much below 1 per cent in the late seventies.

TABLE 3
Pattern of financing of corporate project costs

	1971-75		1976-80	
	New cos.	Existing cos.	New cos.	Existing cos.
Indian equity capital	1272	901	2244	1423
Indian preference capital	184	176	92	68
Foreign equity capital	78	16	16	16
Foreign preference capital	—	2	—	—
Internal ploughback	68	1047	67	558
Government subsidy	5	4	72	12
Debentures	9	385	74	44
Deferred liabilities	61	74	66	127
Loans from government financial institutions	1222	1079	3779	1870
Loans from banks	944	874	399	353
Loans from directors and friends	14	1	103	36
Other loans	575	150	73	598
	4432	4709	6985	5105

Sources : Reserve Bank of India (11), pp 84-85; (12), pp 92-93.

What the figures do suggest, however, is the high market share of foreign enterprises in a very small number of industries—for instance,

TABLE 4
Remittances of equity dividends during 1977-78¹

	(Rs. million)
Electrical machinery and appliances	51
Machinery	32
Motor vehicles	24
Other engineering	17
Fertilizers	41
Drugs	45
Synthetic fibres	12
Other chemicals	84
Aluminium	22
Plantations	20
Tobacco	17
Cotton textiles	14
Rubber products	11
Other industries	50
	440

1. Most of the remittances pertain to dividends declared in earlier years.

Source : Reserve Bank of India (13), p 986.

cigarettes, soap and detergents, typewriters, electrodes, fertilizers, glycerine, explosives, batteries and bulbs. The remittances of equity dividends in 1970-79, summarized in Table 4, show how concentrated foreign investment is in a few industries. Three engineering and three chemical industries together account for 47 per cent of the dividends remitted.

Finally, remittance statistics recently published by the Reserve Bank throw further light on the trends in foreign investment (Table 5). They cover 1353 companies which accounted for over 90 per cent of the dividend remittances.

TABLE 5
Dividend remittances during 1977-78
Period of registration

	<i>Before 1940</i>	<i>1941- 1950</i>	<i>1951- 1960</i>	<i>1961- 70</i>	<i>1971- 78</i>	<i>Total</i>
Number of companies						
under foreign control	43	31	92	107	3	276
under Indian control	368	210	200	258	41	1077
all remitting companies	411	241	292	365	44	1353
Dividends remitted by companies (Rs. million)						
under foreign control	132	52	124	59	—	367
under Indian control	14	7	10	10	—	41
all remitting companies	146	59	134	69	—	408

Source : Reserve Bank of India (14), pp 592-596.

It should not be assumed that companies remained in the same class throughout their existence; in particular, many companies passed from foreign to Indian control. Taking this shift into account, most of the companies under foreign control are seen to have been set up in the fifties and the sixties, and very few in the seventies. The effect of the shift in government policy against foreign subsidiaries in the late sixties emerges clearly. There is a similar fall in the seventies, though less sharp, in the number of Indian companies with foreign minority investment. Whilst industrial investment did slow in the seventies, the fall in the number of companies with minority investment is too sharp to be explained by this factor alone: the factors that led to minority investments in the fifties and sixties appear to have weakened in the seventies. Anticipating the fuller discussion in the next section, we would assert that the principal factor responsible for minority investment was the desire of Indian businessmen to pay partly for imported machinery in equity, which was seen as a performance guarantee for the machinery. This factor lost influence in the seventies for a number of reasons. First, as more machinery came to be produced and procured within the country, machinery imports declined in importance. Second, as experience in running and managing industry grew, less need was left for equity, which was a poor guarantor of performance. Third, as industrial growth rate slackened and the Indian market became more competitive, the attraction

of investing in India declined. Finally, the government also began to frown upon the issue of equity in exchange for imported plant.

It will be noticed that the dividends remitted per company under foreign control were 35 times as high as those remitted by an average company under Indian control. This was partly due to the fact that the average company with minority investment was much smaller than the average company under foreign control—the latter was 1.6 times as large as the former in terms of net assets, and 2.1 times as large in terms of paid-up capital. But the ratio of remitted dividends per unit of paid-up capital was 16.7 times as high for companies under foreign control. Even allowing for the fact, pointed out by Chandra (8, p 14), that companies under foreign control made higher profits, it is clear that the average foreign shareholding in Indian companies with minority investment was very small—in the nature of a token investment. This lends further support to our view, which we shall elaborate in the next section, that small Indian businessmen pressed foreign suppliers of machinery and technology to take a part of the price in shares, and that the latter took as small a share as they needed to in order to secure the sale.

Joint and minority ventures

It was mentioned in Section I that import restrictions in the late fifties gave a strong impetus to the incorporation of foreign subsidiaries. The incentive to import substitution was equally strong for Indian businessmen. It happened that foreign enterprises, especially multinational ones, set up manufacturing subsidiaries to protect their market shares in India earlier gained with imports. But it happened far more often that an Indian importer, suddenly cut off from his source of supply, tried to protect his business by going into domestic manufacture. This transformation of erstwhile importers into manufacturers in the late fifties and earlier sixties characterizes virtually all industries and all business houses.¹

Most of these *nouveaux* entrepreneurs had no previous experience of production. Some, who went into the production of an input they needed,² had production experience, but of the wrong sort. They had little confidence in their own ability to operate an imported technology, and sought performance guarantees. Even more; they sought capital. The new industrial investments generated enormous requirements for finance, which were especially beyond the capacity of the erstwhile importers. Hence the new entrepreneurs were strongly inclined to seek to pay their foreign suppliers of plant and equipment partly in equity shares, which would earn any dividend only if the plant worked well. This type of investment in kind, which acted as a make-shift performance guarantee, was far more common than investment in subsidiaries, as we saw in section II above.

1 See, for instance, Desai (15).

2 See the case studies, especially those of dyes and textile machinery, in Desai (16).

The increasing severity of government policy towards subsidiaries has since strengthened the trend towards minority participation, as can be seen from Table 6. Whilst the share of technology import agreements in which there is any foreign investment declined, the share of those with foreign participation in the range of 1-50 per cent was higher in the late seventies than it was in 1951-67.

TABLE 6
Foreign share of equity capital in technology import agreements
1951-67 and 1977-80¹

<i>Foreign share (per cent)</i>	Per cent	
	1951-67	1977-80
None	84.9	86.5
1-50	11.9	12.6
51-99	1.0	0.8
100	0.4	0.1
Unspecified	1.8	—
	100.0	100.0

1. Equity capital imports unaccompanied by technology imports are subjected to severe restrictions and were negligible.

Source : Desai (17), p 10.

This rise in joint ventures with minor foreign participation has received no notice in Indian literature; but in an earlier study (Desai, 18) we compared the performance of British and West German firms in India to the advantage of the latter, and attributed the difference to the fact that the West German enterprises went in more often for joint ventures whilst the British ones more often set up subsidiaries. In other words it was argued that joint ventures performed better than subsidiaries. The criterion of performance, which was based mainly on the growth rate, was a crude one, and the difference in the performance of British and German firms worldwide was ignored. But our explanation given in that paper bears a brief mention.

The difference between a subsidiary and a joint venture, at any rate the way they were defined in the previous paper, does not lie in the distribution of the shareholding. A parent company may well have a minority of equity, and a foreign company may well own a majority shareholding in a joint venture. Nor does the difference lie in the nationality of directors and managers; by now foreign nationals are a minority, and generally an inactive minority, in the boards of both subsidiaries and joint ventures.

The difference lies in the fact that an Indian businessman or business group is a partner in a joint venture, whilst a subsidiary lacks this element. And the advantage of the joint venture must lie in something that a businessman can or would do, and a salary earner would not.

Whilst we have no firm evidence, our hypothesis is that the contribution of the Indian businessman to the joint venture must lie in dealing

with the most acute problems of Indian enterprises. Reading through annual reports of companies, we get the impression that the three most serious problems they face relate to power, material shortages and labour problems. Of the three, power cuts are applied to entire localities without discrimination. But the other two are probably subject to the influence of the businessman.

In many important materials, such as steel, metals and cement, there is a formal distribution mechanism, and an informal market which sorts out the surpluses and deficits left by the official mechanism. Few enterprises can function successfully simply with the aid of the official mechanism. Yet, resort to the black market has its hazards and a manager would be reluctant to resort to it unless his own money or job were at stake. This risk is taken by the Indian businessman.

About the labour market we know even less. But there is evidence that many trade unions are run as businesses. It is well known that they receive little income in the form of regular subscriptions from the workers; it is therefore likely that at least the more successful of them have other sources of income within the enterprises, which they are often prepared to protect by coercion. Obviously it is in the interest of the enterprise to minimize such leakages of income, even when it is paying them out to buy industrial peace. These dealings with trade unions, and the risks they entail, are a part of the entrepreneur's business.

Thus the Indian businessman is a lubricant in a system dogged by institutional constraints as manifested by labour relations and industrial controls, and it is in this role that foreign investors find him useful as a partner.

If this argument is correct, the growth of joint ventures with a strong Indian presence does not simply reflect government policy, but exemplifies the successful adaptation of foreign enterprises to the Indian environment. Subsidiaries of British companies dominated the colonial industry because of the ties between the British civil servant and the businessman. Once this advantage was lost, the Indian businessman's superior adaptation to the Indian environment became decisive, and success went to those among the foreign enterprises that secured the skills of the Indian businessman by going into partnership with him.

Licensing arrangements

From the viewpoint of a foreign enterprise, sharing equity with a local group is the price it has to pay to be able to sell technology or secure access to a market. The price may be worth paying when the loss of management control is not great. The foreign enterprise will have a decisive say in management if the local enterprise is technologically dependent on it; managerial and marketing dependence will help even more. Examples are easily found in small countries where the local partner has neither technological nor managerial capability, and is essentially a sleeping partner obtained for window-dressing.

This type of sleeping partner is virtually unknown in India. In other countries, politicians and their relatives form an important source of sleeping partners. In India, the first post-independence generation of politicians was a professional class who had led the political struggle against the British. They had not been in business, they had no business ambitions, and they did not have the initial capital essential for business success. Till the mid-sixties, the dominance of the Congress also ensured that they could win elections without heavy investment. Some of them had friends among businessmen and probably promoted the friends' interest. But the essential fact is that no significant sleeping partners were available from among the politicians.

That left the businessmen. Most of them were quite devoid of technology in the new industries they chose to enter, and many did not possess the managerial skills required by the new industries. But they did have some marketing experience and had a fair idea of financial control. They were not so unqualified as to be satisfied with a back seat.

More important, the development of the Indian market as well as the policies of the Indian government created situations where a single foreign enterprise simply could not service the needs of an Indian affiliate. The small Indian markets often got quickly saturated, and enterprises had to diversify rapidly into new areas. Diversification created a demand for new technology which had to be obtained from a number of foreign suppliers. Subsidiaries of highly specialized foreign enterprises faced a particularly severe problem. The Kirloskar-Cummins joint venture, which was the subject of Baranson's celebrated study (19), typified the problem. The market for standard Cummins models of diesel engines in India was not large enough. Cummins felt that it could be expanded if Kirloskar made a greater marketing effort, whilst Kirloskar wanted to diversify. Kirloskar had its way in the first round, though later the Indian markets expanded enough to reconcile the two parties. A similar conflict was faced by Corn Products which, as the name suggests, is highly specialized in products of maize. The Indian market for corn products was limited, and the management of the Indian subsidiary saw no alternative to diversification in the late sixties, whilst the parent could only view diversification as a departure from its area of strength. Ultimately the Indian subsidiary was allowed to expand into non-corn feed products, but this limited liberty did not help it much.¹

Another source of conflict was the Indian import controls. In the late fifties and early sixties, the severe shortage of foreign exchange entailed that requirements of industrial raw materials and intermediates had to be met out of bilateral aid. This meant that import licences were issued for import from a specified country, which was not necessarily the country of the foreign affiliate. For many foreign enterprises, the incentive for

1 Similar instances of conflicting interests are given in Desai (18).

setting up production in India was the market for raw materials or intermediates secured thereby; if they could not supply their Indian affiliates, there was no point to the affiliate relationship. The oil and drug companies were particularly exercised by the area restrictions on imports. Import licences were easier to come by for East European countries, with which India had bilateral trade balancing arrangements. Some European companies made arrangements with some of the East European countries, whereby those countries acted as a conduit for the companies' intermediate into India in what was known as the 'switching' trade. For instance an Indian subsidiary of a Swiss drug company would export goods from India to Hungary; in return the Hungarian trading firm would import from the Swiss company intermediates for re-export to its Indian subsidiary. Switching was possible only in commodities which could not be supplied by the East European countries, and apparently the switching commissions often ran high. This trade and the need for it disappeared in the early seventies when the improvement in the balance of trade eliminated the dependence on bilateral aid for regular imports.

One way to steer clear of these conflicts of interest was for the foreign enterprise to have no interest in the ownership and management of the Indian enterprise and to limit itself to a lease of technology—in other words, a licensing arrangement; this has been the most common form of relationship between Indian and foreign enterprises.

According to the NCAER study (5, pp 126-27), of the 2792 agreements approved by the government between 1951 and 1967, 1052 were licensing agreements, of which 500 were in engineering, 179 in electricals, 85 in chemicals and 79 in transport equipment. Licensing agreements can only be inferred from the product and the royalty provisions, and the line between them and the "other production knowhow", under which 984 agreements were listed, is thin. These two types accounted for 76 per cent of the approved agreements. Clearly, licences were the most important form of technology imports.

A repetition of the NCAER exercise for 1977-1980 yielded only 14 licensing agreements out of 1042 (Desai (17), p 15). The fall is so precipitate that we doubt the comparability of the figures, though the same criteria were applied. But there is no doubt that there has been a fall. An essential element of licensing agreement is a royalty. The proportion of agreements embodying a royalty fell from 63.5 per cent in 1951-67 to 59.3 per cent in 1977-80 although the proportion of agreements in engineering, electricals, electronics and transport equipment, the industries where licensing is most common, rose from 48.2 to 60.6 per cent. Another characteristic of licensing agreements is that they run for a number of years: the proportion of term agreements fell from 87.0 per cent in 1951-67 to 71.1 per cent in 1977-80. Licensing agreements would normally involve some form of payment other than outright payments; the proportion of agreements with no outright payments fell from 43.1 to 27.4 per cent. This is clear enough evidence that licensing came to be

used less frequently in agreements which are normally appropriate for licensing.

What replaced it? It was replaced by actual or virtual outright sales of technology, paid for either by outright payments only or by these plus a nominal royalty. The proportion of agreements with outright payments exceeding Rs. 100,000 rose from 21.2 to 65.8 per cent. Even allowing for inflation, the rise is significant: 24.9 per cent of the agreements in 1977-80 embodied payments of over Rs. 1 million!

There is some evidence that the decline of royalty-based licensing agreements was due to the inadequacy of the royalties allowed. The maximum royalty normally allowed by the government is 5 per cent for five years after the start of production, subject to a 50 per cent tax. The proportion of agreements embodying payment of 4-5 per cent rose from 20.1 per cent in 1951-67 to 27.3 per cent in 1977-80; this was the only royalty bracket in which the proportion rose. Clearly, the royalty rates were straining at the ceiling.

This may appear paradoxical, for the Indian market for all goods was much larger in the late seventies, and the technological capability of Indian technology importers was also greater, so that they could be expected to lose less time in teething troubles. To explain this paradox we need to ask ourselves: what does a technology supplier want from a licensing agreement that he does not get from an outright sale of technology? What he expects is a market share of his own, and the freedom of manoeuvre to defend and expand it. This he has been deprived of by the Indian government's policy.

First, it no longer "normally" allows the technology importer to use the foreign brand name, so the product is no longer identified with the licensor. Recently some licensors have insisted that in advertisements their licence should be mentioned: thus Mahindras advertise that their Jeep has a Peugeot engine, whilst Kirloskars mention their MAN licence. Some Japanese companies, such as Casio, advertise products in Indian newspapers without any reference to licences in India: the intention may be to attract Indian tourists shopping abroad, but also to establish a brand name in India which would be associated with eventual licences. But by and large, foreign companies consider the Indian ban on the use of their brand names as a significant barrier to the capture of a market share.

Second, the life of an agreement used to be generally ten years till 1965; since then it has been brought down to five years after the commencement of production. Such a short period of agreement creates an incentive for the technology importer to postpone building up production. No floor on royalty is allowed; so the only way a seller of technology can assure himself of a minimum royalty is by not accepting a royalty at all, and settling for an outright payment.

Third, no agreement regarding the purchase of component, parts of a plant from the technology supplier is allowed. This is designed to

prevent transfer pricing, but it also removes one of the incentives for licensing agreements.

Finally, the government insists that the buyer of technology should be free to transfer it. This is supposed to be subject to the approval of the supplier, but a number of producers have licensed out their technology soon after the expiry of the original technology import agreement.

More consequential than these sales of technology within India are ex-licensees' exports of product and technology. For instance, Tata Engineering and Locomotive Company (TELCO) took a licence for Mercedes trucks in 1953. After the licence expired in 1968, the trucks have been called Tata trucks. Over the years TELCO have improved their sturdiness and reliability, and now they are exported all over the Indian Ocean region. TELCO has also set up an assembly operation in Malaysia. Mercedes has in the meanwhile improved and diversified its trucks, and has in any case given up the south-east Asian market to Japanese producers. But the success of Bajaj in exporting and licensing out its scooters has been of greater consequence for Piaggio, its ex-licensor, who filed a case against Bajaj in the United States for patent infringement, and recently licensed Lohia Machines in India. These incursions into the licensors' markets were made after the expiry of licensing agreements, but government policy makes them possible even within the term of the agreements. The government insists on the technology importer's right to export to all countries except where the technology supplier has licensed producers. So neither new licensees nor markets secured through direct exports are protected from the Indian licensee's competition.

Thus in an effort to prevent Indian producers from becoming dependent on technology suppliers, the government has neutralized most of the advantages accruing to technology suppliers from licensing arrangements, and thus increasingly made this common and convenient form of technology transfer inaccessible to Indian manufacturers.

In recent years the government has realized the severity of its policy, and tried to liberalize it. But the arguments for self-reliance that led to this policy in the late sixties still leave an echo; besides, liberalization also evokes opposition from manufacturers within the country producing goods under expired licences. Most of the rules enumerated have been relaxed for units which export their entire output, but the economic prospects of such units are so precarious that very few have been set up.

Plant construction

For many industries the equipment is standardized and produced on a massive scale. A technology importer in such industries would either get his operative technology from another producer of the same goods, or hire experts, or get his operatives trained by the equipment supplier. Where the equipment is simple and standardized, plant construction and operation are not themselves specialized operations.

However, there is a group of industries, chiefly metallurgical and chemical, where the scales of production are enormous, the number of plants being built in the world is not large enough to allow the mass production of equipment, and custom-built plants are so complex that any fault in them can make the difference between profit and loss. In these industries an intermediate type of organization, known broadly as consultants, has grown up whose business is to put together the plant from various bits of equipment in such a way that its minimum efficiency can be guaranteed. Many of the consultants are aligned to equipment manufacturers and are essentially their servicing and guaranteeing arms. Some are aligned to producers of chemicals and metals. But some of the most reputed and biggest ones are independent of both, though they often have long-standing relations with a few equipment manufacturers. The basic function of these consultants is to guarantee the maximum cost and the minimum efficiency of a plant i.e., to undertake the turn-key operation of a plant.

The NCAER study (6) counted 254 agreements for plant construction in 1951-67; most of them were turn-key agreements. But from the late fifties onwards, turnkey agreements ran into an obstacle: the consultants normally insisted on ordering the equipment from where they thought fit, whilst the government's import control mechanism was intent on ensuring that nothing that was or could be produced in India could be imported. The Directorate General of Technical Development (DGTD), whose task this was, kept lists of manufacturers of various types of equipment, based on their claimed production, and anyone who wished to import equipment which one of the listed manufacturers claimed to produce had to get a certificate from the manufacturer saying that he had no objection to its import. In rare cases the manufacturers were prepared to give no-objection certificates when they were not capable of producing the equipment or when their capacity was stretched; sometimes they were prepared to give one for a price. But all too often they accepted an order beyond their capacity, delayed delivery, asked the buyer for technical assistance including assistance in importing the technology, and finally delivered defective equipment. To deal with the attendant hassles, every manufacturer who ordered a plant had to set up a procurement organisation; and a good procurement organization would not simply go about collecting no-objection certificates but would look around for the best equipment manufacturers and persuade them to accept its orders and to give performance guarantees which would satisfy the consultant. Procurement was a major component of the consultant's tasks, and import substitution in this task was forced upon many manufacturers by the blanket import restrictions.

Once the plant was built, the procurement organizations became superfluous. Many were absorbed into the plants they helped to construct, but others were kept alive as consultants in their own right. The incentive to retain them was increased when, in order to encourage import substitu-

tion in consultancy, the government decreed in the late sixties that the prime consultant for every plant should be Indian.

The stipulation has run into repeated obstacles. The largest consultants are owned by the government—for instance, Engineers India, Engineering Projects India, Metallurgical and Engineering Consultants, Fertilizer Planning and Development, and Fertilizer Engineering and Development Organization. They must as a matter of policy promote the use of Indian equipment, and in particular of equipment made by government companies such as Bharat Heavy Electricals, Heavy Engineering Corporation, Bharat Heavy Plates and Vessels and Mining and Allied Machinery Corporation. For one reason or another some of these have acquired an unenviable reputation for quality, and performance guarantees based on their promises do not carry credence. So, tied as they are to Indian equipment, Indian consultants suffer from a handicap against foreign ones even in the Indian market.

More important, consultants are traders in technology, and their performance depends in the long run on the technology they have for sale. For this reason the leading consultants of the world are distinguished by their organization for monitoring worldwide improvements in technology and embodying them in the packages they offer. Indian consultants, lacking both the access to world technology and the organization to monitor and absorb it, suffer from an insurmountable handicap. The only exceptions are a handful of private consultants—notably M N Dastur and Tata Consultancy Services—which have deliberately developed an export market and are extremely open to technological improvements abroad.

Thus it happens that foreign consultants are the prime ones in virtually all the major plants being built in the early eighties—Haldor Topsoe, Kellogg and Toyo in fertilizers, the Soviet Union in steel and Rhone-Poulenc in aluminium—whilst Indian consultants are largely subcontractors to them. The turnkey business in India, which was virtually closed to imports for almost fifteen years, has been opened up again.¹ These turnkey imports have ridden on the back of bilateral aid, which has re-emerged as a result of the payment deficit arising after 1978: donor countries insist on the use of their nationals as consultants on projects they finance. But this fact should not disguise the competitive strength of the major western consultants, based on their receptivity to technology.

Subcontracting—the great failure

The growth of subcontracting in the NICs of east and south-east Asia is a celebrated fact. It has made its impact in India, and the government has tried hard to encourage it in India. In the late seventies it set up two free trade zones in Bombay and Kandla; in 1981 it extended

1. For a case study of consultancy in fertilizers see Desai (16).

the privileges of units in the free trade zones to units elsewhere if they exported their entire output (see Ministry of Industry (20), pp IV-62 ff). The results have been modest beyond all expectations. It is not clear why. There is a large literature on the success of NICs and of their free trade zones, of which we are extremely ignorant. We are not therefore in a position to say anything definitive on the causes of the failure. But we think a comment is necessary to open up discussion on a subject that is perhaps of greater importance to India than it appears.

In explaining the success of the NICs vis-a-vis India, there is a tendency among Indian authors to refer to the repressive labour laws in the former, which are contrasted with India's liberal labour laws to the latter's advantage. It is argued that the industries in which international subcontracting is common are labour-intensive, and have been developed in the NICs with the help of state control of labour. We would deny, not the difference, but its relevance to labour relations. There are countries, such as Japan, with even more liberal labour laws than India, which have better labour relations, whilst there are countries with stricter labour laws and worse labour relations. But it is significant that even those who sympathize with labour implicitly recognize that the behaviour of Indian labour adversely affects the competitive ability of Indian industry.

International sub-contracting has attracted the greatest attention in respect of electronic goods. In their case the components are brought to Singapore or Hong Kong, assembled and returned: the operation is a form of export of labour. If India has not succeeded in it, the reason must lie, not in the cost of labour, but in its quality. It is not easy to criticize the quality of labour in a country which boasts of such a large reservoir of skilled labour. But quality consists in consistently high performance. The impression can be gained in any number of Indian factories that high performance is something the Indian workers do not regard as their daily function but as a reward to the management if it behaves well; more frequently they 'punish' the management by poor and slow work if it does not meet their demands. In most of India, absence without leave is considered a right, and social duties always take precedence over work. It is far from our intention to blame labour or hold it responsible; we are sure that there are contributory factors which could include the social gap between labour and management, the impossibility of saving and bettering one's condition, the ubiquitous overmanning, etc. We only wish to point out here that the quality of labour in India is low, and that this could be the reason why multinational enterprises do not locate electronics establishments in India.

But there is a much larger set of labour-intensive industries, based on local raw materials, in which India has had only moderate success. One of the first instances of international subcontracting was the Soviet development of shoe exports from India in the early sixties when, faced with a large export surplus to India, Soviet buyers spread out to small towns and began buying tested shoes in bulk from small manufacturers.

This type of direct buying has not been repeated in any product. A number of handicraft goods are exported by India—for instance, garments, carpets and sports goods—but foreign buyers do not rush to India when they want to buy handicrafts. The recent boom in cane furniture is a case in point: virtually every flight to south-east Asia carries some Western buyers of cane furniture, but none of them stops in India despite its large production of cane goods.

This overflight may have other reasons, but we are inclined to explain it in the same terms as we did the emergence of joint ventures: the Indian system makes an Indian intermediary essential to any intending importer of Indian goods, and the cost of the intermediary is too high in many products. The intermediary is necessary to deal with government procedures, with banks, with communications, all of which can be coped with by an Indian used to them but which quite defeat the uneducated foreigner. What distinguishes Singapore and Hong Kong from India is not the repressive labour laws, but the simplicity of administration, banking and communications which makes them readily accessible to a foreign businessman. Sub-contracting is very common within India, especially in the engineering industry: there are large numbers of Indian buyers, but few foreign ones who would sub-contract in India. India's isolation from the international sub-contracting business is to be explained in terms of the insulation of its banking and communications from the international network.

Conclusion

At the outset we noted that the distinguishing characteristic of the new forms of investment lay in the sharing of the returns of enterprise. In this sense return-sharing arrangements can be looked upon as recently developed means of extending the market for technological or managerial skills. They have effectively created a market in India for technology through minority joint ventures and licensing arrangements. Turnkey plant construction had a brief vogue and declined in the seventies. The success of these new forms of investment was closely related to the favours bestowed on them by the government, just as the failure of franchises and production-sharing arrangements was due to its disfavour. The only significant exception was sub-contracting, which wilted in India despite government encouragement, and we explained it in terms of the peculiarities of the Indian business environment. This is a factor—or a congeries of factors—which we have cited in the success of minority joint ventures as well. We would now generalize the argument and say that a specific Indian business environment has emerged since independence in which Indian businessmen are more at home and more successful than unschooled foreign entrepreneurs. Government policy is one of the forces that has shaped this environment, but it is not the only one: there are certain features of the Indian environment, such as the large regional variations, the functioning of the labour market, the paucity of

innovation and the speed of imitation, which in our view would survive under very different government policies. If this is so, then certain new forms of investment—especially joint ventures and licensing arrangements—have a standing advantage over foreign subsidiaries, and would predominate in a very wide range of circumstances. Thus it is our view that however liberal government policy may become towards foreign investment, the probability is low that foreign subsidiaries would come to dominate Indian industry. Just as despite all liberalization, multinationals have shied away from investing in or buying up companies in Japan, in India also foreign enterprises would continue to operate through or in collaboration with Indian businessmen.

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NOTES

Forestry in Tripura : Its Past and Present

TRIPURA comprises some parallel ranges of hills, the Jampui, Sakhan, Langtarai, Atharamura, Baramura. The hills were covered for the most part with forests and bamboo jungles while the low lands abounded with various kinds of trees, cane brakes, thorny plants, grasslands and swamps in the past. The old Hill Tipperah was once the home of wild elephants and other wild animals. Hunter in 1876 quotes the report of an officer of the Topographical Survey to describe the whole area between the Jampui and Atharamura ranges as "densely covered with high forest and bamboo jungle, with entanglements of thorny scrub, canes, creepers, and nettle, through which it is impossible to force a passage without much cutting and cleaning, excepting along the regularly used tracks of wild elephants."¹ But in this dense deep forest man lived and eked out a precarious existence from forest products.

For a long time, the forests had no value to the rulers of Tripura and the products of the forests consumed by the foresters were not taken into account by the rulers. Since the forests were traditionally conceived as unproductive jungle, the people living in and on the edges of forests were permitted by the Maharaja of Tripura to exercise their age-old right. *Ghar-Chukti Kar* (House Tax) and some other taxes were collected from *jhumias* (shifting cultivators) in the past in lieu of forest revenue or land revenue. With the growth of neighbouring markets in British India (with the construction of Railways in British India in the fifties and sixties of the nineteenth century when great chunks of forests were needed to meet the demand for railway sleepers and when timber was used as fuel) the importance of forests was increasingly felt by the Tripura Durbar. Private contractors appeared on the scene. The demand for surrendering the customary rights of the forest people was increasingly heard. The denial of the customary right implied progressive alienation of forest-dwellers from forests and their consequent hunger and starvation. Thus tension was created in the forests of Tripura which was reflected in a number of tribal upsurges in the nineteenth and twentieth centuries.

The first Act relating to forests of Tripura was Act I of 1296

Tripura Era (i.e. 1886 A.D.). This Act of Maharaja Bir Chandra Manikya denied the right of the people to "any elephant-trapping operations, Sal, Garjan, Mouri, Agar, Saral, Dhuna or any other valuable trees, over which the State shall have full rights." By the Act II of 1297 T.E. (1887 A.D.) jhuming near the vicinity of Sal forests was forbidden for the first time, but no specific area was declared as reserved. In the past, forests had no value to the rulers of Tripura. But now with Bir Chandra Manikya, only those forests were considered to have no value which did not contain any marketable produce.

The Tripura Durbar was definitely inspired by the neighbouring colonial administrators in enacting such laws. In British India the first Forest Act was enacted in 1865 and a full-fledged Forest Department was established in 1866. Under the colonial rulers the main aim of the Forest Department was the systematic exploitation of forest resources for mercantile interests. In 1871 nearly the whole British District of the Chittagong Hill Tracts was declared to be Government Forest². As a result the amount of profit within three years (1874-75) was stupendous. Necessarily, the Tripura Durbar learnt this lesson from the British. In 1894 the British India Government issued a Forest Policy Circular based on J.A. Voelcker's formula wherein profit from timber was designated as the only factor which the Government ought to take into account before formulating any policy. In Britain too, a fierce struggle had taken place between the forest people of Ireland and the emerging British industrialists in the first quarter of the 18th century. With that knowledge of the past in his homeland where the foresters ultimately succumbed and the emerging capitalist economy triumphed in Britain, the Viceroy of India, Lord Canning, said in 1862 that India's forest administration upto 1857 was a "melancholy failure". It should be pointed out that the series of Forest Acts of British India in 1865, 1878, 1894, and 1927 were no less brutal than the forest legislation of Britain. The age-old right of the foresters was redefined as crime and new terms, namely, poaching, woodtheft, trespass, etc., were introduced. There were sharp divergences between the officially proclaimed aims of the colonial forest legislations and its actual operations. In 1894 the British Government declared its Forest Policy thus: "The sole object with which state forests are administered is public benefit." The same loud wish was expressed by the Tripura Durbar. In fact, regarding forests, everything was propagated in the name of "public benefit" and "conservation of forests", although the actual aim was very different.

In Tripura the Maharaja issued a fresh 'permit' system in 1903. The regulations of 1903 laid down severe punishment for any infringement of any provision of the regulations. In 1913 a more comprehensive set of rules was drawn up for the organisation of the Forest Department and Tripura was divided into several forest mahals or sub-divisions. But even so, till then it was only on the reservation of trees, in contrast to the reservation of forest area, that the main emphasis was given. In the

Administration Report for 1908-9 the forest area of Tripura was as follows :

1. Reserved Forest.....20 sq. miles
2. Unclassed Open Forest... 3,861 „ „

According to the above Report : "The Birendranagar Reserve Forest has continued in a good condition. No important fire was reported from the forests during the year, but unless jhooming be entirely prohibited within the area, there can be no safety of the forests from fire."⁴

What were declared to be 'reserve' forests were in fact forests where the forest-dwellers had been deprived of nearly all their traditional rights. Upto the twenties of the present century, the area of Reserved Forest in Tripura increased rather slowly, but during the thirties and forties it increased very rapidly. We have seen that in 1908-09, the total area of Reserved Forest was only 20 sq. miles, but the total forest area reserved upto 1940 was 530.05 sq. miles.⁵ After 1940 it was 630 sq. miles⁶; and later on, it rose to 1160.05 sq. miles⁷. Such an extension of Reserved Forest had its inevitable impact on the *jhumias* of Tripura who were forced to shift to other places. But this also created a problem for the rulers—the shortage of labour within the Forest Reserve. In this connection it is interesting to read an official document : "Thus, there will be difficulty in felling the timber and bamboos and also in carrying the forest products downhill; the businessmen will suffer losses and the State earning on Forest tolls will diminish. The duty levied on cotton and oilseeds, which are produced solely on jhum, will also not fetch in any money to the exchequer."⁸ Hence, the idea of creating more and more Reserved Forests was discarded by the Tripura Durbar. In 1356 T.E., D.A.W. Brown, Minister for Forests and Customs Department, Government of Tripura, declared : "The Jhumias may do jhum cultivation this year in the area in which they raised jhum crops a few years ago irrespective of the area being in the Reserved Forests, or anywhere else."⁹ In order to get a sustained supply of labourers for the Reserved Forests, a number of "Forest Villages" were set up as well.

How the forests of Tripura were assigned the primary role of a revenue-generating organ in the past by the Forest Department of the state can be seen from official records and documents. Apart from land revenue from the plain lands, the most important sources of state revenue were the 'Ghar Chukti Kar' (House Tax) in the hills, duties on forest products and also from the sale of elephants captured from the forests (by *Kheda operation*). In a statistical supplement annexed to his Report for 1874-75, the Political Agent of Hill Tipperah stated that in his opinion forest produce was "the most important source of revenue belonging to the State, and would prove the most lucrative of all, if properly worked. It is at present managed, with one exception, on the farming system; but for want of accurate knowledge as to what the farms are capable of yielding, they are let out in almost all cases at absurdly low rents."¹⁰

However, since 1875, the *khas* or direct management of the forests was the established policy of the Tripura administration.

In the past major a portion of State revenue was derived from *kheda operations* or from the capture of wild elephants. Kaliprasanna Sen in his *Sri Rajamala* has devoted a number of pages on various aspects of the elephant wealth of Tripura.¹¹ In the 1329 T.E. Regulations¹² more provisions relating to the capture of wild elephants, in addition to the previous regulations of 1297 T.E., 1304 T.E., 1310 T.E., 1315 T.E., were laid down. But the average receipt from *kheda operations* gradually came down. *The Report on the Administration of the Tripura State for the year 1313 T.E. (1903-1904 A.D.)* analyses the causes of this phenomenon in the following manner : "The *kheda operations* of the year were not successful. As noticed in the previous reports, the income from this source is falling every year owing to gradual extension of cultivation towards the interior and to the increased work in the jungles of the men of the farmers of forest revenue"¹³

Forests and wild life are inseparably linked. When the threat to forests came, not only the elephants but every kind of wildlife of the State faced the danger of extinction.

During the First World War there was some fall in the amount of forest revenue of Tripura. The total receipts from the forests in 1916-17 amounted to Rs. 3,59,401 against Rs. 3,78,120 of the year 1915-16. In the official document¹⁴ the decrease in the forest revenue was ascribed to the following eight factors :

a) Insufficient rains in the hills in season and heavy rains out of season leading to water scarcity or floods and hampering the export of timber and other forest produce.

b) High price of corrugated iron due to the European War not enabling the people of the surrounding districts to construct tin-roofed houses, for which State timber was in great demand in previous years.

c) Fall in the export of cotton and *til* which are generally exported on bamboo rafts indirectly affecting the forest revenue.

d) The worst fall in revenue was in the case of the Manu river *mahal* where due to the prevalence of theft of timber from floating rafts many well-to-do traders had to withdraw from the trade.

e) The conduct of the drift-wood contractors under the Sylhet Forest Department which caused loss and harassment to the traders exporting forest produce from our hills.

f) The disinclination of the Sylhet forest authorities to recognise the State registered marks on forest produce exported from the State forests.

g) The stoppage of the route for export from Bachaibari out-post in Khawai towards Rajarbazar in Sylhet District by the Sylhet forest authorities with the object of creating a reserved forest just beyond our border.

h) The Longai complications due chiefly to the work of the

Damcherra forest staff."

The above official report vividly describes a number of problems of Tripura during the First World War period.

In 1944 there were 87 Forest and Customs Stations throughout Tripura. Yet, in the State Secretariat Archives (Agartala) there are innumerable files and documents on the illicit felling of trees by the agents of vested interests which had assumed alarming proportions during the forties and fifties of the present century. Although it was officially declared that the policy behind the system of management of forests was "to prepare the forests for scientific management in the near future with least possible inconvenience to the inhabitants"¹⁵, there was little substance behind that populist rhetoric and obviously the effect of the forest management policy was harmful for the people.

The administration of Tripura was taken over by the Government of India on October 15, 1949. The schedule of the rates of royalty on forest products was fixed by the Tripura administration in 1951. The Chief Forest Officer had been authorised to raise the rate of royalty by fifty percent. The new National Forest Policy was issued by the Government of India in 1952. The Tripura administration also by a notification introduced some forest rules in 1952 for "national interest". By another notification (no. 13) "all areas of unclassified government open forests of Tripura comprising approximately 2,438 sq. miles which were not under reclamation under orders of the Revenue Department" were declared as Protected Forests under the colonial Forest Act of 1927. In fact, an unquestioning acceptance of colonial norms was found in post-colonial India. In a so-called "welfare state" the commercial outlook had not been done away with and profit from the forests remained the cornerstone of the official forest policy. It is interesting to see the item for discussion in the sixteenth meeting of the Advisory Committee for Tripura held on February 22, 1963 in New Delhi. The item was: "Enhancement of grazing fees, curtailment of rights and concessions on forest produce and enhancement of royalty on the forest produce."

True, since 1952 the population of Tripura has increased considerably and large forest areas have been utilised for the rehabilitation of the refugees and tribals. It is also true that due to indiscriminate felling of trees, fire, jhuming and other factors many forest areas of Tripura have been reduced to sub-jungles or savannah. But as in the past, the forest policy of post-independent India is determined largely by the interest and needs of the dominant groups in society. The commercial and industrial interests dictate forest policy at the expense of the forest-dwellers and their life-support system.

The records show that out of the total 10,477 sq. km. geographical area of Tripura, the area of different types of forests in this State during the year 1951-52 was 8,956 sq. km.; whereas by 1981-82 it was 5,920.30 sq. km. which includes 2,059.76 sq. km. of protected forests as well.¹⁶ Since 1980-81 the present government of Tripura had earmarked about

six percent of total plan allocation for the development of forests. As about 20,000 tribal jhumia families still now practice shifting cultivation in the forests for their sustenance, as forestry and tribal economy are complementary, great importance is now given in Tripura on the development of forestry for the rehabilitation of the jhumias. The promising prospects of rubber plantations in Tripura which practically started only in the sixties of the present century and of the jhumia resettlement programme undertaken at present have been noted. Coffee plantation was also undertaken a few years back and it was found to be very suitable for Tripura. Unfortunately, there is no forest-based industry in Tripura till now.

In the Sixth Five-Year Plan stress is laid on social forestry, production-forestry, farm-forestry etc., by the central government; in Tripura also the programme of social-forestry is undertaken by the Forest Department. Social Forestry is basically a people's movement because growing of trees on land not held by the Forest Department depends on people's response to it. The needs of the forest-dwellers for fruit, flower, fodder, fuel, fertiliser, fibre are basic human needs. The lessons of China and North Korea show that forestry programme to be successful should first take into account the needs and aspirations of the forest-dwellers and the local people. Only then forests will be protected by the rural poor and not by forest guards. In fact, it is this which constitutes the basis of the social forest policy which the present government of Tripura is now trying to adopt, rather than social forestry as defined by the central government.

Forests, like education, have been traditionally a state preserve as the states are more aware of the problems and potentialities of their forests than the centre. But now it is in the concurrent list. Naturally, there was a sharp official and non-official reaction to this change in Tripura as in other states. Nobody questions the ecological importance of forests. Not only Tripura but the whole country is paying a heavy price for the indiscriminate destruction of forests on account of floods, drought, landslides, and the loss of fertile topsoils. In a sharply stratified society like ours, it is not the poor and the forest-dwellers but the dominant groups, who, through exploitation of nature for profit and indirectly through resource-wasteful lifestyles, are spoiling the environment. The recent movements waged by the common people of Uttarakhand in U.P., popularly known as the Chipko Movement, has given enough evidence of the common people's awareness of the need for conserving forests. The Chipko Movement of the forest people of Garhwal is a grass-roots movement for saving forests from destruction by contractors and other agencies of the dominant groups. But this is not an isolated movement. In April 1983, a noisy battle against the loss of forest wealth in the Muchikundu area of Palghat district in Kerala took place. The enlightened people of Kerala under the auspices of the Kerala Sastha Sahitya Parishad and led by eminent literary persons organised a *jatha* and a

widespread protest movement against the illegal felling of trees by the agencies of commercial and industrial interests. But the Muchikundu incident is only a minor victory in the big canvas of India.

1. Hunter, W.W., *A Statistical Account of Bengal*, Vol. VI, Delhi, 1973, p. 473.
2. Act VII, Section 2, of 1865, of *Calcutta Gazette*, 1 Feb. 1871.
3. "Swadhin Tripurar Banaja-bastu Sankranta Bidhi" (in Bengali), Act I of 1313 T.E., Third Edition, Agartala, 1342 T.E.
4. *Report on the General Administration of the Tripura State for the Year 1316 T.E. (1908-09)*, Agartala, 1319 T.E., pp. 18-19.
5. *Tripura State, Consolidated Administration Report for 1347-1349 T.E. (1937-1940)*, p. 41.
6. *Tripura State, Consolidated Administration Report for 1350-1352 T.E. (1940-1943 A.D.)*, p. 38.
7. *Tripura State, Consolidated Administration Report for 1353-1355 T.E. (1943-1946)*, p. 50.
8. Seha No. 3567-B/3-88 dt. 3/8/52 T.E. of the Forest and Customs Department, Government of Tripura, See *Tripura State Gazette*, 15th Agrahayana, 1353 T.E.; of *Socio-economic Adjustments of Tribals*, New Delhi, 1976, p. 55.
9. No. F $\frac{1151-52}{2-11}$ Dt. 10.8.56 T.E. See *Tripura State Gazette Sankakaan* (in Bengali), 1971, p. 345.
10. Hunter, W.W., *op. cit.*, p. 477.
11. Sen, Kaliprasanna, ed., *Sri Rajamala*, (in Bengali), Vol. II, Agartala, 1337 T.E., pp. 215-238; Vol. III, Agartala, 1341 T.E., pp. 244-279.
12. *Swadhin Tripura, Bonna, Hasti, Kheday-dhrita Hasti, Gajadanta O Bonna Gandar sambandhiya Niyamabali*, (in Bengali), Chief Dewan Office, Agartala, 1329 T.E.
13. *Report on the Administration of the Tippera State for the year 1313 T.E. (1903-1904)*, Agartala, p. 9.
14. *Report on the General Administration of the Tripura State for the Year 1326 T.E. (1916-1917)*, pp. 16-17.
15. *Tripura State, Consolidated Administration Report for 1353-1355 T.E. (1943-1946)*, p. 49.
16. *Tribal Sub-Plan, Annual Plan 1983-84*, Government of Tripura, p. 44.

ANNEXURE I

Comparative Statement of the collection of revenue under different heads as in 1903-1904 A.D. (Source : *Report on the Administration of the Tripura State for the Year 1313 T.E.* p. 8)

S. N.	Source of Revenue	Average receipts for the years 1309-1310, and 1311 (i.e. 1899-00, 1900-01 and 1901-02)	Receipts in whole rupees in 1312 (i.e. 1902-03)	Receipts in whole rupees in 1313 (i.e. 1903-04)	Change in 1903-4 on 1902-3	
					Increase	Decrease
1	Land Revenue from plain land	1,76,954	2,22,932	2,28,306	5,374	0
2	Rents on markets	3,755	5,285	4,174	0	1,111
3	Family tax in the hills	39,095	40,467	40,572	105	0
4	Toll on Forest produce	2,04,714	2,28,412	2,53,101	24,689	0
5	Toll on the Feni	3,365	2,935	2,939	0	96
6	Elephant & buffalo grazing Mehal	6,987	6,339	6,813	474	0

There were many other sources of revenue, but the main source came from the Forests.

MAHADEV CHAKRAVARTI*

* Department of History, Calcutta University Post Graduate Centre, Agartala

The Magnitude of Land Revenue Demand in Kashmir-1846 to 1900 A.D.

EVEN as the agrarian history of different regions of India in the remote as well as recent periods has been explored in varying degrees, little attention has been paid to the economic questions in Kashmir's history. Consequently, the history of Kashmir still comprises eloquent *obiter dicta* about the region's political and social elite. An attempt will therefore be made in this paper to assess the magnitude of land revenue demand in the region in the second half of the nineteenth century. The choice of the period has been dictated largely by the availability of the data. Very little in the form of concrete evidence in this regard is unfortunately known prior to the establishment of the Dogra rule in Jammu and Kashmir in 1846.¹

In 1586 when the valley was included in the Mughal empire, the land revenue was theoretically demanded at one third of the produce but in practice it amounted to two thirds. Emperor Akbar fixed the land revenue demand at one half.² Under the Afghans (1553-1819) the state demand worked out to 60 to 65 percent of the produce.³ The Sikh rulers (1819-1846) fixed the state's share of produce generally at one half but over and above this share the state levied a number of cesses.⁴

The state under Maharaja Gulab Singh (1846-1857) realised the land revenue in kind, theoretically at the rate of one half of the produce.⁵ But the taxes and cesses actually realised were far in excess of those that finally went into the treasury. In addition to a half of the produce as land revenue the peasant had to pay 16 per cent of the produce as *trakee* and *abwabs*.⁶ The total demand amounted to two-thirds of the produce and one-third was left with the peasant.⁷ But then this one-third was further subjected to a whole variety of exactions.

Maharaja Gulab Singh reduced the rate of *trakee* on both *Sarkasht* and *Paikasht* lands. During the Sikh period four *traks* per *kharwar* of paddy were charged as *trakee* from the peasants.⁸ To quote Ramju Dhar, "Maharaja Saheb Bahadur (i.e. Gulab Singh) reduced the rate of *trakee*

by one *trak* on *Sarkasht* lands and two *manwatas* on *Paikasht* lands."⁹ For the collection of revenue a peculiar kind of *Batai* system was applied.¹⁰ Under this particular system then in vogue the state took certain number of *kharwars* in kind and the rest in *Mobiyah*. *Mobiyah* was a system by which the government was entitled to convert a certain number of *traks* in every *kharwar* into money at the established market rates.¹¹ We cite the examples of Sat Ram, a peasant of Pargana *Adwin* of Kashmir to illustrate this system.

His gross produce	90 <i>kharwars</i>
Sarkaree Hissa or State share	45 <i>kharwars</i>
<i>Trakee</i> and <i>Abwabs</i>	15 <i>kharwars</i>

The total government demand amounted to 60 *kharwars* out of 90 *kharwars*. Now out of the state share the state took 37 *kharwars* in *Mobiyah* at various rates and the remaining twenty two *kharwars* and 8 *traks* in kind. The allowance to be deducted for carriage was two *kharwars* and two *traks*.¹² Out of 37 *kharwars* and 8 *traks* commuted into cash, 22 *kharwars* and 8 *traks* were converted into money at the rate of Rs. 1.37 *per kharwar* and the remaining 15 *kharwars* at the rate of Rs. 1.25 *per kharwar*.¹³ In another case 62.5 percent of the state share of revenue was commuted into cash on the basis of the price prescribed by the state and 31.5 percent of the produce was collected in kind.¹⁴ Apart from all these takes and cesses there was still some room for graft. As a result of the heavy demands of revenue officials of Maharaja Gulab Singh the peasants were often forced to give up cultivation and consequently payments fell in arrears. By 1851, 30 lakhs of rupees were in arrears because many peasants had deserted their lands due to the extortionate demands of the state and its officials.¹⁵ In 1852 the revenue in arrears was assigned to the army as their salary but the condition of the country was so bad that they could not collect more than 8000 rupees.¹⁶

These revenues did not fall in arrears merely due to non-payment by the peasantry but also due to embezzlement and fraudulent practices on the part of revenue officials who collected the revenue from the peasants but did not pass it on to the state treasury.

During Maharaja Ranbir Singh's time (1857-1885) the magnitude of land revenue demand remained more or less the same. With regard to the system of *trakee* a slight relaxation was made. Instead of four, only two *traks* were charged and this system lasted upto 1860.¹⁷ After 1860 attempts were made to introduce cash assessment but the assessment became heavier and resulted in further depressing the position of the peasant.¹⁸ In 1872-73 it was levied at the rate of five *traks* in some villages and in some at the rate of three.¹⁹ The whole system was so full of abuses at the intermediate levels that no significant improvement was registered in the state's finances nor in the condition of the peasantry.

In 1875 the harvest was a poor one but the state still took two shares of produce and left only one with the peasant.²⁰ Next year (1876) two *traks per kharwar* were again added to the assessment besides an

aggregate loss which amounted to 28 *kharwars* and twelve *traks* per hundred *kharwars*.²¹

In 1877 bad weather added to excessive taxation. The assessment was delayed and the peasants preferred leaving their crops to rot in their fields. As a result villages were deserted and people died of starvation.²² This situation appears to have continued upto 1880. In 1880 under the *Assami-War-Khewat* the revenue was made payable in cash or kind.²³ The method of the *Assami-War-Khewat* was arrived at by taking the collections of two years i.e., 1877 and 1878 into account and the average was struck. Then the gross produce was recorded and one half was taken as the government's share; to this 25 per cent was added as *trakee*.²⁴ The quantity thus obtained in these *kharwars* was commuted into money at a standard price.²⁵

The following table shows how this *Assami-War-Khewat* was arrived at²⁶

TABLE I

Sl. No.	Crop	Gross produce 16 Trak Kharwars			State Share after adding trakee			State Share cal- culated in rupees		
		Kh.	Tr.	Ch.	Kh.	Tr.	Ch.	Rs.	a.	p.
1.	Sarson	0	6	0	0	3	0	1	8	0
2.	Oilseed	4	13	0	2	6	2	21	11	6
3.	Cotton	3	0	1½	1	8	½	2	3	3
4.	Mung (a kind of pulse)	1	5	1	0	12	1½	6	1	9
5.	Paddy	1438	0	0	897	1	0	1844	2	0

Under the *khewat* system each *tehsildar* was informed of the amount he was expected to contribute to the total.²⁷ He converted this quantity into cash on the basis of rupees two per *kharwar* and out of every one rupee 10 annas were fixed as his share.²⁸ Then he would give orders for the collection of so many *kharwars* from each village and the total collections would come to the amount which was fixed at the headquarters or more. However, the *khewat* system of assessment was no more oppressive than the *Batai*. In the *khewat* system the peasant was certain to retain at least a small portion of the produce but there was constant opposition to the *khewat* system of assessment from revenue officials who preferred the collection of revenue in kind, because the *khewat* system reduced their share in the produce. The *Batai* system also provided them with an opportunity of appointing subordinate staff, i.e. a watchman, weigh man, etc., who could help them in all the fraudulent practices. The influential *Lambardars* and revenue officials who stood between the state and the peasant, tried their best to prevent any permanent settlement because it went against their interests. Even officials like Dewan Lachman Dass, Dewan of Kashmir province, himself a big landlord of the state, wanted the crop settlement to continue.²⁹

In 1882 even the *Izadboli* (auctioning of the villages) was introduced

to extract more and more from the peasantry.³⁰ Under this system, the *mustajir* or the contractor paid a lumpsum to the state and then exacted as much as he could from a village without assessing the condition of the crop. After these *mustajirs* made a bid for a village and offered a large increase on the amount fixed so far, they remained in the village for three to four years of good harvest, embezzled large sums of revenue out of the amount the villagers paid as revenue and subsequently these were entered as arrears against the village. Sometimes the *mustajirs* absconded without making any payment to the state. As a result it was immediately discontinued after registering huge losses for the state revenue.³¹

The *mustajir* collected half or more of the crops as his share. In some villages arrears of revenue outstanding against the peasants went on accumulating due to the fraudulent accounts of *patwaris* and *lambardars* whose records were seldom straight and reliable.³²

In Pargana *Dansu* the peasants had paid the revenue in full for the period 1880-1888, and yet Rs. 31,747 were shown as outstanding against them.³³ All these practices of the revenue officials led to a fall in collection.

The following table shows how the collections had fallen in 1880-1887 in 252 villages for which information is available.³⁴

The figures appended below show the totals :

TABLE II

Year	Actual demand from 252 villages	Actual collection from 252 villages
1880	3,88,613	3,45,031
1881	3,96,274	3,52,547
1882	4,23,440	6,53,673
1883	4,69,701	2,44,389
1884	4,69,701	4,09,562
1885	4,36,872	1,97,841
1886	4,41,357	2,31,550
1887	4,41,403	2,48,369
Total	34,61,904	23,81,962

From the given table it becomes clear that during 1880 and 1881 the gap between the amount demanded and actual collection was as usual; in 1882, for some curious reason which we can not locate, the collection actually exceeds the demand. From 1883, however, this gap grew significantly. It can possibly be attributed to the fraudulent revenue machinery, which collected the revenue, in full but did not deposit it.

In 1885 Maharaja Pratap Singh came to the throne and soon after his accession a land settlement was commenced. It was on the 15th of January, 1887, that Mr. Wingate joined at the request of Maharaja of Kashmir as Land Settlement Officer in Kashmir. Wingate carried out a preliminary survey of land relations, but it was not until 1889 that a regular settlement commenced.³⁵ The work which had been entrusted to Wingate was taken over by W.R. Lawrence. Lawrence after a careful

examination of the situation was in favour of assessing the land revenue in cash only but under various pulls and pressures, he had to agree to a settlement whereby land revenue was made payable both in cash and kind.³⁶ According to the new land settlement in 1889 the assessment was fixed for 14 years. The basis of the assessment was that the net produce of each village was estimated taking into account the crops grown. The state reduced the land revenue demand to 30 per cent of the gross produce. However, in addition to it the *patwari* and *lambardari* cess of 2 per cent and five per cent respectively were levied on each individual assessment.³⁷ In 1890-91 the custom of exempting villages, belonging to influential persons from land revenue, was abolished. Attempts were also made to assess the newly broken-up waste lands. But by and large the peasants continued to make payments in kind only. Lawrence took pains to convince the peasants that the new assessment was fair and nothing beyond the amount assessed was to be taken away from them. But all these measures failed to meet the desired success due to the apathy of the revenue machinery. Possibly payment in fixed cash assessment might have mitigated the impact of corruption to some extent, for it would have considerably diminished the scope for manipulation by way of weighing of the crop or measuring of the land etc., but then officials like Dewan Lachman Dass were dead set against such an assessment.³⁸ Here it becomes clear that the revenue system continued to vitiate the entire agrarian economy till the end of the nineteenth century. In these circumstances both the peasant and the state had to suffer losses, but between the two the peasant appears to have suffered more than the state. He was left with just about as much as was sufficient to keep his body and soul together.

Hence upto the end of the nineteenth century, Kashmir was never subject to a regular fixed assessment. The peasants remained always uncertain of their future liabilities. From the time of Maharaja Gulab Singh the crude system of fluctuating assessments not regulated by any recognised theory or principle but mainly depending on the will of the *Kardars*, and the other revenue officials was in vogue to the great detriment of the cultivating class.³⁹

The arbitrariness of the entire administrative machinery was exemplified by Gulab Singh's own conduct, who could be approached irrespective of time and place. All one was required to do was to hold a rupee in one's hand and cry "Maharaja Arz Hai", tender the rupee and obtain the Maharaja's decision on the spot.⁴⁰ No method was allowed to establish itself whereby default or fraud in the revenue machinery could be prevented.

Needless to say such arbitrariness of the revenue collection machinery combined with the ruthlessness of revenue officials kept the peasants at the lowest scale of existence and often drove many of them out of it into the dismal hands of death. Even this tragic circumstance could have been mitigated if the revenue thus collected had been invested

for the technological or economic advance of the state leading to a brighter future. However, given the character of the ruling class and state officials, conspicuous consumption, more than the economic betterment of the region, was their chief concern. As such even during the second half of the nineteenth century, Kashmir still remained locked up in a characteristically medieval economy and polity when the rest of India was making the first hesitant advance into modernity.⁴¹

1. In the first half of 19th century the British colonial masters became aware of the mounting danger of Russia from the north western side of their Indian colony. As a result they began to think in terms of the liquidation of the Sikh empire which would not only transfer to them the resources of the Sikh empire but also provide them with some of the important borders which were indispensable for safeguarding the Indian colony from the Russian advance. In course of time Sikh principalities between the river Sutlej and the Jamuna passed under the protection and care of the British. The Anglo-Sikh wars followed in 1845-1846 in which the British came out victorious and in the process of settling the political future of the occupied territories and their autonomous vassals and chiefs, they handed over the territories of Jammu & Kashmir to Maharaja Gulab Singh who played an effective role in bringing about the treaty between the British and the Sikhs, at Amritsar in 1846. H.M. Lawrence, "Transfer of Government to Maharaja Gulab Singh", File nos. 33-44, Section C. 28 January 1848, Jammu Archives; A.P. Nicolson, *Scraps of Paper, India's broken treaties, her Princes and her Problems*, London, 1930 pp. 88-90; K.M. Panikar, *Gulab Singh, the Founder of Jammu and Kashmir State*, London, 1930, p. 35.
2. Irfan Habib, *Agrarian System of Mughal India*, Bombay, 1963, p. 192.
3. Dewan Kripa Ram, *Majmui-Report of Jammu-va-Kashmir and Tibet* (1872-73), Jammu Archives, pp. 17-18, See also G. Forester, *A Journey from Bengal to England through the Northern Part of India, Kashmir, Afghanistan and Persia and into Russia by Caspian Sea*, Vol. II, London, 1798, p. 46.
4. H.M. Lawrence, "Transfer of government to Maharaja Gulab Singh", January 28, 1846. Section C. File No. 33-44. Jammu Archives. See also *Diary of R.G. Taylor*, Punjab Government Records (1847-49), Vol. VII, pp. 24-25.
5. H.M. Lawrence, *op. cit.*, Section C, 28 January 1848, files nos. 33-34, Jammu Archives, S.N. Kaul, *Kashmir Economics*, Srinagar, 1956, pp. 58-59.
6. The term *trakee* meant a tax under this system, When everything had been said and done with regard to the land revenue collection, a *trak* (5 seers and 3 chattaks) of paddy per *kharwar* of sixteen *traks* was collected from the peasants for *kardars* (functionaries) as their pay. The *trakee* system was introduced into Kashmir by Afghan rulers. *Abwabs* were the other cesses levied by various revenue officials. Kripa Ram, *Gulzar-i-Kashmir*, (Persian), Lahore, 1856, pp. 256-57, H.M. Lawrence, *op. cit.*, See *Diary of R.G. Taylor*, Punjab Government Records (1847-49), Vol. VI, p. 80.
7. Capt. Cunningham's Memo, Foreign and Political Deptt. Sec. C., 31 March, 1848, No. 66-67, N.A.I.
8. A. Wingate, *Preliminary Report on Land Settlement in Kashmir*, Lahore, 1889, p. 54, H.M. Lawrence, *op. cit.*
9. Ramju Dhar, *Kaifiat-i-Intizam-i-mulk-i-Kashmir*, (Persian) Research Deptt, Library Srinagar, f. 6, b. There were two broad divisions of land in Kashmir. *Sarkasht* and *Paikasht*. The lands under regular cultivation near the city were known as *Sarkasht*, and the land which was cultivated by non-resident cultivators was known as *Paikasht*. *Trak*, *kharwar* and *manwata* were standard measures of weight. A *trak* was 5 seers and 3 chataks and a *manwata* was one and a half seer. H.M. Lawrence, *op. cit.*

10. Generally in the *Batai* system the division of grains was made on the threshing floor. The other two methods of *Batai* are *Khet Batai* and *Lang Batai*. Under the former a certain measured area of the cultivated field was taken, the produce of which was assumed to represent the state's share of the entire holding; under the *Lang Batai* system the peasant divided the grain into many heaps as there were shares and the revenue officials took the heap that he liked. Baden-Powell, *Land System of British India*, Vol. I, Delhi 1967, pp. 274-75. But the system of *Batai* applied to Kashmir appears dissimilar from these systems of *Batai*. Under it, the estimate of production was made when the grain was in heaps, after threshing as in regular *Batai*. The crop was harvested by the peasants and collected in stocks (gunnies) each consisting of certain number of *Kharwars*. After the amount of each man's produce was determined by the *kardar* with the help of the *shiqdar*, the govt. demand was ascertained. H. M. Lawrence, *op. cit.*, Section C, 28 January 1848, file nos. 33-44, Jammu Archives; *Ibid.*
11. *Ibid.*
12. *Ibid.*
13. *Ibid.* The market rates were determined by the state.
14. *Ibid.* But this system of assessment was applied to the *Sarkasht* land. However, on *Paikash* and *Navabadee* (i.e. newly cultivated) lands the rates of assessment were slightly lower. See Ramju Dhar, *op. cit.*, f. 7a. Both *rabi* and *kharif* crops were assessed in the same manner. No separate method was adopted for cash crops like cotton, tobacco, oilseeds, etc.
15. There was a deficit of 5 lakhs of rupees in the state revenue in 1851 itself, Maharaja Gulab Singh advised Dewan Jowala Sahai and Mian Ranbir Singh, his son to whom revenue administration had been entrusted, to make a remission of three to four thousand rupees so that this concession could ensure the collection of some revenue. Mirza, *Akhbarat*, (Persian) Research Department Library, Srinagar; Vol. IV, f. 114. See also *Ibid* Vol. V, f. 8. *Akhbarat* is a huge collection containing reports sent by Mirza Saif-ud-Din, the news writer of the British government at the court of Maharaja Gulab Singh. He used to send these reports to the British authorities at Lahore. It provides detailed information on the socio-economic aspects of Kashmir's history from 1846-1856.
16. *Ibid.*, Vol. V, f. 8. The assigning of revenue to the military is a clear indication of the fact that force was used to realise revenue. Even so the collection remained pitiful.
17. *Pandits* and *Peers* were charged only one *trak*. A Wingate, *op. cit.*, pp. 54-55.
18. *Majmui-Report of Jammu-Kashmir-va-Tibet*, pp. 30-33.
19. Dewan Kripa Ram, *Majmu-i-Report 1872-73*, Jammu Archives, pp. 18-20. A Wingate, *op. cit.*, p. 55. S.N. Kaul, *Kashmir Economics*, p. 59.
20. Lawrence, *Valley*, p. 403. See also *Gazetteer of Kashmir and Ladakh*, p. 108.
21. A Wingate, *op. cit.*, p. 55.
22. *Ibid.*, pp. 54-56; Lawrence, *Valley*, pp. 446-47.
23. It was an assessment made directly with each peasant (Assami). S.N. Kaul, *op. cit.*, pp. 55-59. The *assami-war-khewat* has been wrongly termed by A. Wingate as a village cash assessment, it was the assessment of an individual's holdings.
24. The collection was made on the *kharwar* of 16 *traks* and after that the whole quantity was converted into 15 *trak kharwars*. The 15 *trak kharwar* was called *Kaccha Kharwar* and was used for all crops, which included cotton, oilseeds, saffron and other crops, if any. A. Wingate, *op. cit.*, pp. 54-55.
25. *Ibid.*
26. A Wingate, *op. cit.*, pp. 54-55. From the given table it becomes clear that the rates of assessment varied from crop to crop. For *sarson*, the rate including *trakee* was one half. For paddy it was more than one half.
27. *Ibid.*
28. W.R. Lawrence, *Report on the position of cultivating classes in Kashmir*, Foreign

Deptt., Sec E. gen. 1880, N. A. I. (unpub.)

29. *Petition of Dewan Lachman Dass against the cash settlement*, Chief Secretariat of Pol. and Gen. Deptt., File No. 2 of 1896. Jammu Archives (unpub.). See also A. Wingate, *op. cit.*, pp. 55-56. W.R. Lawrence, *Valley*, pp. 404-430.
30. W.R. Lawrence, *Assessment Report of Ich-Nagam tehsil 1891*, Jammu Archives, pp. 2-6.
31. *Ibid.*
32. A. Wingate states on the basis of his information that the *patwari* carried three editions of his records and all on scraps of paper, one of them was meant for himself, one for the *Tehsildar* and the third for the villagers. A. Wingate, *op. cit.*, p. 49. W. R. Lawrence, *Assessment Report of Ich-Nagam Tehsil*, 1891, J. A. pp. 4-6.
33. In this case the *mustajir* had paid the state demand in full but at the same time succeeded in taking from the treasury an equivalent sum in the form of agricultural loans on behalf of the peasants. However, in actual practice, it was never advanced to the peasant but only entered against each on paper or lent out in the market or to their relatives at the high rate. Even if the peasant did not take a loan for agricultural operations, the state officials demanded one *trak* as an item of *Khurch* for agricultural/loans. Generally 2 *seers* were demanded as a tax for agricultural loan by the state from each *kharwar* of produce. *Report Majmui, Intizam Mamalik riyasat Jammu-va-Kashmir* (1872-73), Urdu, Jammu & Kashmir Govt. Press and Information Library, Srinagar, Kashmir.
34. A. Wingate, *op. cit.*, pp. 60-67.
35. Foreign Department, Sec. E, October 1886. File Nos. 235-300. National Archives of India. S. R. Temple, *India in 1880*, London 1881. pp. 213-15. Lawrence, *Valley*, p. 407.
36. Lawrence. *Valley*, p. 407. See also *petition of Dewan Lachman Dass against the cash settlement*, Chief Sec. Pol & Gen. Deptt. File No. 2 of 1896; Jammu Archives.
37. W. R. Lawrence, *Report on position of Cultivating Classes in Kashmir*, Foreign Deptt, Sec E. Feb. 1890, N. A. I. R. G. Wreford, *Census of India 1941*, Lahore 1943, Vol. XXII, 1943, p. 15. See also F. Younghusband, *Kashmir*, Edinburgh, 1909, p. 195.
38. The influential *lambardars* and other revenue officials who stood between the state and the peasant tried their best to prevent any permanent settlement because it went against their interests. Even officials like Dewan Lachman Dass, Dewan of Kashmir province, wanted the crop settlement to continue. See *Petition of Dewan Lachman Dass against the Cash Settlement*, *op. cit.*
39. Besides the *Kardar* the other revenue officials included the *Chakdar Lambardar*, *Mustajir*, *Tehsildar*, *Tehvildar* and *Patwari*, and *Weighman*. See Charles Grindlestone, *Memorandum on Kashmir*, Calcutta, 1873, pp. 3-8. Lawrence, *Valley*, pp. 418-421.
40. K.M. Panikar, *Maharaja Gulab Singh, the Founder of Jammu and Kashmir State*, p. 149. For details see Mirza, *op. cit.*, Vol. VII, ff. 55, 57, 175 and 176.
41. For details of this argument see my "Rural Economy of Kashmir 1846-1900", Ph. D. Thesis, approved by the Jawaharlal Nehru University, 1982 (unpublished).

RATAN LAL HANGLOO*

* Centre for Historical Studies, Jawaharlal Nehru University, New Delhi.

DISCUSSION

NAYANJOT LAHIRI*

The Pre-Ahom Roots of Medieval Assam

THE issue which is absent in Amalendu Guha's analysis of state and economy in medieval Assam¹ and correspondingly the theme of this brief note is that of continuity between the pre-Ahom period which he almost completely ignores and the Ahom period which is the focus of his study. The pre-Ahom sources used in this context are the thirty-two inscriptions found in the Brahmaputra valley and its peripheral regions between the 5th and the 13th centuries A.D.² If our analysis cannot be placed in a context earlier than this, that is only because our knowledge of pre-5th century A.D. Assam is remarkably shadowy, dominated by vague literary traditions unsubstantiated by anything in archaeology. The archaeology of Assam is a tangled mass of data which, despite a long tradition of reporting neolithic tools and some interesting but chronologically undefined recent discoveries, has not had the benefit of any meaningful research.

2. Guha's starting point is the 13th century when the Ahoms from upper Burma and the Turko-Afghans invaded "the land of Kamrup that once extended from the easternmost limits of the Brahmaputra valley to the banks of the river Karatoya"³, which by this time was "long in ruin."⁴ The Ahoms entered upper Assam in the 13th century but could not evolve into a fullfledged state until the 15th century. Their initial tiny territorial base did not generate the necessary surplus for a well-developed state apparatus. State formation in upper Assam "was determined by"⁵: (a) the extension of permanent wet-rice cultivation to territories dominated by shifting cultivation and (b) the absorption of stateless shifting cultivators into a common polity with the Ahoms themselves. "The Ahoms played a significant role in widening the base of wet-rice culture of the *sali* variety in the extensive and undulating plains of eastern Assam"⁶ and also transferred "their wet-rice technology to less advanced tribes."⁷ The Ahoms absorbed some of their Naga, Moran and Barahi neighbours, along with large sections of the Chutiya and Kachari tribes. Taken together, "these package changes in the rice economy ensured an increased productivity,

* Teaches at Hindu Collège, Delhi University, Delhi.

thereby giving sustenance to the rising population and to the state apparatus."⁸ This significant change in the polity i.e., its transition to a state which took place between 1497-1539 was helped not only by the internal changes mentioned above but also through the conquests of new territories and the resultant increase in population. Nevertheless, in the hierarchy of factors which led to transition of the Ahoms from a tribe to a state, the role of the Ahoms, an advanced plough using tribe, in extending wet-rice cultivation and their subjugation of neighbouring people is highlighted in Guha's analysis. Guha also discusses at some length some of the special features of the medieval socio-economic scenario, which include a favourable demographic trend (linked to an extension of wet-rice culture), the nature of the village settlements, the growth of petty commodity production, the absence of strict segmentation in society and the Hinduisation of tribal ruling families.

3. While acknowledging the presence of an earlier political tradition in Assam in the form of *bhuyan rajas*, Guha has highlighted the political fragmentation in the 13th century when many parts of Assam "lapsed into retarded conditions."⁹ Two inscriptions dated to the 13th century are significant in this context—the Kanaibarasi rock inscription found at Gauhati¹⁰ and the Gachtal stone inscription from the Mikir hills district.¹¹ Both these inscriptions refer to the effective repulsion of the Muslim invaders. The fact that the Turko-Afghan invaders were repulsed by the indigenous rulers of Assam in the 13th century (the non-mention of this fact by Guha is rather surprising since he takes the 13th century as the starting point) is something that Guha must make a note of, if the essential character of the political fragmentation that Assam underwent in this period is to be understood usefully. Furthermore, the rise of the Chutiya kingdom in upper Assam with its capital at Sadiya in this period merited some discussion since the centre of their kingdom was not far from the centre of the Ahom polity. Guha does recognize that "the Ahom migrants did not come into a politically void region"¹² but does not think it necessary to explore the nature or the existence of culture contact between various regions of Assam or even between neighbours in upper Assam. Early medieval Assam was not merely Ahom Assam. Various states in Assam in this period cannot be dismissed cursorily. For instance, the Chutiyas have been dismissed in one line which does not tell us anything about the nature of their kingdom except that they were completely absorbed into the Ahom state by the early 16th century:

4. We, incidentally, do not deny that some kind of fragmentation had taken place in Assam but would argue that the process set in quite early, in the 9th century, in fact. We get a good deal of information on this point from the epigraphic records. The last epigraphs available from the reign of a king who enjoyed a loose kind of hegemony over Assam was *Dharmapala* of the Pala dynasty of Kamrupa whose reign can be placed in the first half of the 12th century A.D.¹³ After *Dharmapala*, the kingdom seems to have been split up into a number of parts. The five

inscriptions available to us following the reign of *Dharmapala* are all issued by different authorities.¹⁴ However, the relative importance of this kind of fragmentation has to be understood very carefully. A close study of the early history of Assam reveals that from the 9th century itself (830 A.D.) sovereignty, in the actual sense of the term if not in the formal sense, was parcellised. Unimpeachable evidence of this fragmentation is found in the Tezpur rock inscription of *Harjaravarman* of the Salastambha dynasty, the second historical dynasty of Assam.¹⁵ The epigraph mentions *Maharajadhiraja Sri Harjaravarman* who, from other inscriptions, is known to have exercised his sovereignty over large parts of Kamrupa.¹⁶ A feudatory—a *mahasamanta*—called *Sri Sucitta*, who was below him is mentioned as having enjoyed clear military and judicial powers.¹⁷ Below him were *samantas*; a *samanta* called *Silakuttakaveleya* is mentioned in the inscription.¹⁸ This parcellization of political power was reinforced by the large scale donations of land which comprise the most important economic trend in this period. Although the first land grant from Assam was issued in the 5th century A.D. (the Nagajari Khanikargaon fragmentary stone inscription),¹⁹ from the 9th century onwards, police, revenue and administrative rights were granted away along with large plots of land by reigning monarchs to brahmins; this trend continued right till the end of the 12th century.²⁰ The Nowgong plates of *Balavarman III* (end of the 9th century) are fairly illustrative of this point:²¹

“...this plot of land consisting of homestead land, paddy fields, dry lands, ponds, grounds and mounds standing as it is up to its own boundaries is (by virtue of this grant rendered) out of bounds to all the trouble makers like the *rajni*, the *rajaputra*, the *ranaka*, the favourite of the king, the old female guard of the harem, the collectors of the *hastibandha* tax and the *naukabandha* tax, the officers-in-charge of the recovery of stolen property, the policemen, the inflictor of punishment, and the collector of tenants' taxes and duties, and the royal umbrella bearer.”

5. The importance of this class of landed intermediaries in pre-Ahom Assam is worth mentioning. That significant links existed between the brahmins and the common people is evident from the penetration of Sanskrit culture to the grass roots level. The evidence for this intrusion is largely based on the analysis of the place and plant names mentioned in the inscriptions. A large number of districts bore names of Sanskrit origin: *Candrapuri*,²² *Varasepattana*,²³ *Trayodasgrama*,²⁴ *Kalanga*,²⁵ *Pujari*,²⁶ etc. More important, villages or parts of villages (*patakas*) bore names of similar origin: *Mahadevapataka*,²⁷ *Kasipataka*,²⁸ *Pancapataka*,²⁹ *Daksina-pataka*,³⁰ and *Cokkapataka*³¹ among others. Many of the plant names mentioned are also of Sanskrit origin: *Patali*,³² *Salmali*,³³ *Vatta*,³⁴ *Sakhotaka*,³⁵ *Bhadrasri*³⁶ etc. At the same time, many Sanskrit words were also mixed with words of the original tongue/s of the region.³⁷ The formation of this sort of speech system would remain inexplicable if numerous people with a Sanskrit cultural background had not lived and maintained close contacts with the inhabitants at the grass roots level. The

role of the brahmins was obviously of some significance. On the one hand, they were linked through economic ties with the common people—they were the beneficiaries of large scale land donations, plots, sometimes villages, which very often had to be cultivated by others. On the other hand, they were linked by social ties—they were the repositories of the sacred scriptures. And finally, in the power structure and administration, they occupied a very significant position. Apart from the fact that the brahmins very often occupied administrative posts,³⁸ their role in the local administration, in the light of the large scale donation of administrative functions, was important. The brahmins, therefore, subsumed within themselves the organization of production, the exercise of administrative power along with their traditional privileges and functions. In this period, administration, undoubtedly, had become fairly decentralized.

Furthermore, the inscriptions also show evidence of the emergence of self-sufficient villages. Along with those classes who subsisted on agriculture, classes of artisans such as weavers and potters also lived in the rural settlements (this point will be discussed subsequently).

6. The basic point we are trying to make is this : if the brahmin landed intermediaries by the 13th century are vested with political, administrative and economic power, if the village has emerged as a self-sufficient axis, this entire structure would only be marginally affected by fragmentation at the central level. In describing any polity, a historian should be careful to say just what aspects of the subjects' lives are subject to political control—if central authority is in any case minimal, its implications on the rest of society when it ceased to exist would be very different from those in a society which is under a centralized administration. The need to recognize the differential temporalities of structures within one chronological time span is well understood in historical studies. It would be facile to interpret segmentation and fragmentation at the political level as a symptom of socio-economic retardation in pre-Ahom Assam. The rural socio-economic set-up by this time functioned according to a rhythm not necessarily linked to that at the centre. Hence, although central kingship had disappeared from Assam by the thirteenth century, it is likely that the long term social and economic trends that we can observe in the early history of Assam continued through the centuries and were not retarded at all.

7. Implicit in Guha's work is the supposition that upper Assam was different from the lower Assam valley and that, by the 13th century the former had become retarded. We, however, believe that there is evidence to show that the entire Assam valley displayed a significant political unity from the 5th century onwards. Definitive archaeological evidence for the existence of such a unity is available from the inscriptions—the earliest inscription, the Nagajari Khanikargaon stone inscription, has been located at Golaghat (upper Assam—5th century A.D.) and the Umacal rock inscription, also belonging to the 5th century, has been discovered at Gauhati (lower Assam). Although it is not certain that both

inscriptions were issued by the same authority, since they are both inscribed in pure Sanskrit and in the Brahmi script displaying similar variations, it may be inferred that the political control exercised over upper and lower Assam was of a similar kind. The inscription from Golaghat, incidentally, is an incomplete land grant in which one of the witnesses was a member of the village assembly (*mahattara*).³⁹ The spread of a Sanskrit-based culture into upper Assam is further attested to by the discovery of three inscriptions from the famous site of Deopani (upper Assam) which is very close to the Dikhou valley, the scenario of the early Ahom polity—the Deopani Vishnu image inscription,⁴⁰ the Sankara-Narayana inscription,⁴¹ and the Hari-Hara inscription.⁴² These epigraphs were issued by the scions of the Salastambha dynasty. The contents of these inscriptions are significant. The Deopani Vishnu image inscription throws light on the existing caste system in upper Assam. Among other things, it states that the goddess *Devi* and *Siva* can be worshipped by “the *Sudras*, the twice-born classes and women.”⁴³ The Sankara-Naryana and the Hari-Hara inscriptions are significant because they record the tradition of *namakirtana*, a mode of paying homage to the deity, in upper Assam which came to assume a very significant role in medieval Assam under Sankaradeva, the neo-Vaisnava apostle of Assam. Furthermore, a number of inscriptions have been discovered in the Darrang and the Mikir hills districts which are reflective of a fairly developed socio-economic structure—the existence of different levels of landownership, the existence of settled wet-rice cultivation etc.⁴⁴ In the light of this evidence, the sudden “retardation” of upper Assam that Dr. Guha assumes is mystifying.

It is crucial to understand two points made above. First, the geographical scenario of the settlements in pre-Ahom upper Assam was the area around Golaghat and Deopani, an area that lies very close to the Dikhou valley where the Ahoms came and settled. The geographical zone of the Chutiya kingdom must also be kept in mind—Sadiya is located at the northernmost extremity of the upper Assam valley. In the light of this evidence about advanced settlements both in the Sadiya region as well as in an area very close to the Dikhou valley, Guha's assumption that the southeastern extremity of upper Assam “had lapsed into retarded conditions”⁴⁵ does not seem credible.

Secondly, the nature of the source material for our hypothesis about the existence of settlements in this region is extremely important. We are not postulating this on the basis of mythology or panegyric prose. The inscriptions are not the records of victorious and occasional conquests of invading monarchs into upper Assam. Rather, they are reflective of an entire culture which was unlikely to have suddenly become retarded. If this kind of structure was still in existence, some kind of interaction was likely to have taken place between them and the Ahoms. If there was no interaction, its absence must be explained, especially in the light of the various levels of interaction between the Ahoms and other people during this period. Any objection by Guha about the dates of our sources would

not be valid since he himself has reconstructed the Ahom polity of the 13th-14th centuries on the basis of 19th century ethnographic literature.

8. The continuance of these long term trends that can be discerned in pre-Ahom Assam into the medieval period can also be very easily demonstrated by taking up some of the important features of medieval Assam that Guha has discussed and trying to see if similar tendencies existed in the early period.

(i) A considerable amount of space and importance has been attached to the technology of rice culture and the role of the Ahoms in the extension of wet-rice cultivation into areas which knew only shifting, dry rice cultivation. Guha has highlighted the construction of embankments (*alis*) which are crucial in providing the necessary water for irrigation. Incidentally, in pre-Ahom Assam the whole economic set-up was contingent on wet-rice cultivation. Almost all the plots of land referred to in our sources are measured only in terms of the amount of paddy that could be cultivated on them, whether it was 2000 units or even 10,000 units.⁴⁶ The technology of rice cultivation was the same—the references in the sources on pre-Ahom Assam to *kshetra alis* and *vrihadalis* are pervasive.⁴⁷ Many of the embankments were constructed by kings—in the Ulubari plates (9th century A.D.) of *Balavarman III* there is a reference to a high embankment constructed by the king.⁴⁸ So, wet-rice cultivation with an irrigation technology dependent on the construction of *alis* was a common feature of the pre-Ahom rural landscape.

Guha also mentions that wet-rice cultivation and the use of the plough were transferred to the less advanced tribes which practised *jhum* cultivation. According to him, the Ahoms absorbed the Naga, Morans and Barahis, among others. The 19th century ethnographic literature and government reports, however, seem to convey the impression that in a number of these areas cultivation was still conducted according to the traditional *jhum* lines. The Assam Land and Revenue Regulation of 1886, while discussing the Naga hills, inhabited mostly by the Nagas but also by the Mikirs, Kukis and Kacharis mentions that :

“The *jhum* system of cultivation is in vogue among all the hill tribes, the Angami being the only tribe that practises irrigated terrace cultivation of rice...ploughing is unknown in the hills, the hoe alone being used...”⁴⁹

(ii) In this context, Guha has also stressed the rising population linked to the increased productivity resulting from the extension of wet-rice culture in medieval Assam.

A favourable, long-term, demographic trend can be discerned in Assam much before the coming of the Ahoms. From the beginning of the 11th century we get the distinct impression of a spatial diffusion of settlements and, consequently a rise in population. A close study of the inscriptions has revealed that from the 5th till the 9th century the density of population, relatively speaking, was quite low—in the inscriptions of these centuries approximately thirteen village settlements are mentioned.⁵⁰ From the 11th century onwards the number of rural settlements (*patakas* or

bhumis or *gramas*) mentioned in the inscriptions is as follows :

Inscriptions	Settlements
1. Bargaon plates of <i>Ratnapala</i> (11th c.) ⁵¹	: four
2. Gauhati plates of <i>Indrapala</i> (11th c.) ⁵²	: four
3. Khonamukh plates of <i>Dharmapala</i> (12th c.) ⁵³	: twelve
4. Subhankarapataka grant of <i>Dharmapala</i> (12th c.) ⁵⁴	: four
5. Puspabhadra plates of <i>Dharmapala</i> (12th c.) ⁵⁵	: seven
6. Kamauli plates of <i>Vaidyadeva</i> (12th c.) ⁵⁶	: three
7. Assam plates of <i>Vallabhadeva</i> (12th c.) ⁵⁷	: fourteen

Earlier where only thirteen settlements are mentioned, from the 11th century onwards approximately fifty settlements find mention.

The demographic growth can be further gauged from the boundaries specified, of the donated lands, which underwent a remarkable change. For instance, in the Nidhanpur copper plates of *Bhaskaravarman* (7th c.), all frontiers were natural; the only signs of human habitation were a potter's pit and a pond owned by a tradesman.⁵⁸ The twelfth century copper plates of *Dharmapala*, however, donated land which besides touching twelve settlements also shared boundaries with plots occupied by other inhabitants.⁵⁹ Furthermore, the descriptions of the boundaries which earlier had been fairly simple became much more complicated with each boundary line including various sub-boundaries. In the 9th century A.D. only one term i.e., *Aksadahika*, is used to delineate the eastern boundary of a plot. However, in the 11th century, the eastern boundary of a donated land is marked off not only by *kshetra alis* but also by a village settlement and three privately owned plots of land.⁶⁰ The description of the eastern boundary in this grant runs from lines 49 to 51 whereas the description of the eastern boundary in the 9th century covered only half of line 42.

As to the exact factors which led to favourable demographic growth, one fact is clear—this is definitely linked to the extension of wet-rice culture. Also, from the 9th century onwards we find a large number of references in our sources to a growing multiplicity of useful plants. Till the 9th century, the references are mostly to fig and banyan trees. However, in the late 9th century bamboo, black sandal, cardamom, arecanut trees, cane bushes among other useful plants are mentioned. By the 11th century A.D. the references to useful trees and bushes become commonplace, with a number of very significant references to timber trees. This diversification in the rural economy must have had some implications on the population trend. Demographic growth is causally related to the functioning and evolution of a society—it is the result of the action of several structural levels in society in which the mode of production is the most important. Hence, it is highly unlikely that this favourable demographic progression of the 12th century suddenly became retarded in the beginning of the 13th century. It may be more useful if some kind of linkage could be postulated between this and the population growth in medieval Assam.

(iii) The absence of relative autonomy at the village level as well as of multi-caste villages in medieval Assam has also been highlighted by

Guha. However, early medieval Assam (especially around the 12th century), as was briefly pointed out earlier, seems to have had a number of villages enjoying a measure of autonomy, where artisans lived alongside agriculturists. Most of these occupational groups also owned land. In the Subhankarapataka grant, there is a reference to the land of *Orangi Tantras*—this is a reference to the weavers from Orang, a place near Darrang.⁶¹ A *kumbhakara* (potter) is mentioned in the 7th century Nidhanpur plates.⁶² In the Puspabhadra plates (12th century), there is a reference to the land of *Dijja-ratihadi*.⁶³ *Hadi* may mean a potter caste which is known by this name in Assam.

(iv) Guha also mentions that throughout the medieval period the caste system in Assam “remained lax, lacking both elaboration and occupational rigidities”.⁶⁴ The existing social relations in pre-Ahom Assam were also characterized by a relative lack of differentiation—obviously, this was a long-term trend in the social life Assam. One of the most important features of the traditional Hindu society has been hereditary occupational association. In pre-Ahom Assam, the rules governing professions were fairly lax. In one of the inscriptions, not the only example of its kind, a brahmin whose grandfather and father had been devoted to the sacred texts, was a charioteer by profession and was also proficient in the martial arts.⁶⁵ Similarly, weavers who are a part of the Sudra caste according to the Dharmasastras, owned land. Furthermore, in societies which were or are strictly differentiated the physical structure of settlements reflects the social system; there are certain parts of the village where only brahmins live and a great physical distance is maintained between the non-brahmin and brahmin areas. In pre-Ahom Assam, there is no evidence of social divisions being carried over into the structure of settlements. In the Suwalkuci grant of *Ratnapala* (11th century) *Kamadeva*, a brahmin, is granted land which is surrounded by plots owned by boatmen.⁶⁶ The most important social reality in this period was the absence of strict occupational hierarchical divisions; the *varna* and *jati* divisions were not very distinct.

Since Guha does not throw any light on the long-term trends operating in Assam prior to the coming of the Ahoms, logically their specificity in medieval Assam is assumed. The assumption is that these features of medieval Assam that Guha delineates were chronologically related to the coming of the Ahoms, or at least, determined to a significant extent by their intrusion into Assam. Possibly the significance of the coming of the Ahoms can be understood more usefully in the light of the evidence for the existence of similar features in pre-Ahom Assam.. In any analysis of this nature in which we are dealing with the principal determinants of a particular historical pattern, it is necessary to construct a historical totality. The socio-economic structure of medieval Assam or a specific historical phenomenon which determined the character of medieval Assam was bound to have a large number of linkages if the Ahoms were not intruding on to a political *tabula rasa*, so to say. It is necessary in this context to recognize

that there were a number of trends which were rooted in the past which had functional potentials that were important in the total cultural context. If medieval Assam is understood with some amount of emphasis on a longer time span, the accentuation shifts from the novelties to the continuities. Guha views state formation in medieval Assam without wishing to illuminate its past history, without understanding the essential nature of the structure of pre-Ahom Assam. In fact, a consideration of the pre-Ahom history of Assam would suggest several developmental processes which can open up important and new possibilities which were of immense significance in the medieval period, but which are accorded very little attention in the work of Guha.

The author is grateful to Dr. Dalip K. Chakrabarti who read the whole draft and suggested a number of useful modifications.

1. A. Guha, 'The Ahom Political System: An Enquiry into the State Formation Process in Medieval Assam (1228-1714, *Social Scientist*, Volume 11, Dec. 1983, pp. 3-34; 'The Medieval Economy of Assam', *The Cambridge Economic History of India*, Volume 1, (ed.) by Tapan Raychaudhuri and Irfan Habib, Hyderabad, 1984, pp. 478-509. Our main focus will be on his paper in the *Social Scientist* but his general discussion of the medieval economy of Assam in the *Cambridge Economic History of India* will be used as well to analyse more fruitfully some of his main arguments.
2. For a detailed study see N. Lahiri, *Pre-Ahom Assam, Studies in the Inscriptions of Assam between the 5th and the 13th centuries A.D.*, Unpublished M. Phil thesis, Department of History, University of Delhi, 1983.
3. *Cambridge Economic History of India*, p. 478.
4. *Ibid.*
5. *Social Scientist*, *op. cit.*, p. 12.
6. *Cambridge Economic History of India*, p. 482.
7. *Social Scientist*, *op. cit.*, p. 28.
8. *Cambridge Economic History of India*, p. 480.
9. *Social Scientist*, *op. cit.*, p. 10.
10. D. Sharma (ed.), *Kamarupasasanazali*, Gauhati, 1981, p. 140.
11. D. Sharma (ed.), *op. cit.*, p. 144.
12. *Social Scientist*, *op. cit.*
13. M.M. Sharma (ed.) *Inscriptions of Ancient Assam*, Gauhati, 1977, pp. 225-272.
14. D. Sharma (ed.), *op. cit.*, pp. 140-146; M.M. Sharma, *op. cit.*, pp. 273-302.
15. M.M. Sharma, *op. cit.*, No. 7.
16. *Ibid.*, line 2.
17. *Ibid.*, lines 3-4.
18. *Ibid.*, line 7.
19. *Ibid.*, No. 1 (Appendix).
20. *Ibid.*, Nos. 9-22.
21. *Ibid.*, No. 12, lines 33-38.
22. *Ibid.*, No. 6, line 49.
23. *Ibid.*, No. 11, line 36.
24. *Ibid.*, No. 13, line 52.
25. *Ibid.*, No. 14, line 52.
26. *Ibid.*, No. 18, line 29.
27. *Ibid.*, No. 13, line 53.
28. *Ibid.*, No. 15, line 35.
29. *Ibid.*, No. 18, line 50.
30. *Ibid.*, No. 14, line 59.

31. *Ibid.*, No. 18, line 51.
32. *Ibid.*, No. 5 (Appendix), line 53.
33. *Ibid.*, No. 13, line 65.
34. *Ibid.*, No. 12, line 49.
35. *Ibid.* No. 19, line 50.
36. *Ibid.*, No. 14, line 60.
37. B. Kakati, 'Place and Personal Names in the Early Land Grants of Assam', in *A Cultural History of Assam*, B.K. Barua, Nowgong, 1951, pp. 202-208.
38. M.M. Sharma (ed.), *op. cit.*, No. 6, line 134. In these plates i.e., the Nidhanpur copper plates, the *Nyayakaranika* i.e., the dispute settler was a brahmin as well as the *Vyaharin*.
39. *Ibid.*, No. 1 (Appendix), line 1.
40. *Ibid.*, No. 2 (Appendix).
41. *Ibid.*, No. 3, (Appendix).
42. *Ibid.*, No. 4, (Appendix).
43. *Ibid.*, No. 2, (Appendix), line 3.
44. *Ibid.*, Nos. 8, 9, 10 and 11 among others.
45. *Social Scientist*, *op. cit.*, p. 10.
46. M.M. Sharma, *op. cit.*, No. 5 (Appendix), and No. 20.
47. *Ibid.*, Nos. 20, 18, 16 to take only a few examples.
48. *Ibid.*, No. 5 (Appendix), line 53.
49. *The Assam Land and Revenue Regulation*, 1886, Shillong, 1945 (reprint), p. cxxiv.
50. M.M. Sharma, *op. cit.*; these were *Dibrumukkhada*, *Mayurasalmagrahara*, *Haposagrama*, *Abhisuravataka*, *Vappadevapatika*, *Dasalangala*, *Candrapuri*, *Avari*, *Naukuva*, *Aksadahika*, *Dirghanga*, *Hensiva* and *Dikkura*, in No. 1 (Appendix) line 3, No. 6, lines 50-51, No. 10, lines 50-51, No. 10, v. 33, No. 11, line 37, No. 9, line 21, No. 6, line 49, No. 9, line 22, No. 9, line 22, No. 10, line 48, No. 10, line 48, No. 5 (Appendix), line 37 respectively.
51. *Ibid.*, No. 13, lines 52ff.
52. *Ibid.*, No. 15, lines 35ff.
53. *Ibid.*, No. 18, lines 44ff.
54. *Ibid.*, No. 19, lines 31ff.
55. *Ibid.*, No. 20, lines 46ff.
56. *Ibid.*, No. 21, lines 49ff.
57. *Ibid.*, No. 22, vv. 18ff.
58. *Ibid.*, No. 6, lines 128ff.
59. *Ibid.*, No. 18, lines 46ff.
60. *Ibid.*, No. 10, line 48 and No. 16, lines 49-51.
61. *Ibid.*, No. 19, line 62.
62. *Ibid.*, No. 6, line 131.
63. *Ibid.*, No. 20, line 50.
64. *Social Scientist*, *op. cit.*, p. 29.
65. M.M. Sharma (ed.), *op. cit.*, No. 19, v. 20.
66. *Ibid.*, No. 14, lines 58ff.

Pre-Ahom Roots and the Medieval State in Assam : A Reply

SURELY the Ahom political system was not a wholesale importation, nor was it entirely an autonomous growth in Assam. This was amply made clear in my controversial paper. The system did have certain pre-Ahom elements from the civilization rooted in the region during the 5th-12th centuries. However, Nayanjot Lahiri's observation that those pre-Ahom roots should have been discussed more elaborately in the said paper than was done is somewhat misplaced. All phenomena in history are indeed inter-related over time and space. But a historian need not always, for that reason, widen his time or space horizon, particularly when other competent works are there to fall back upon for picking up the threads.¹ He has often to strictly limit his focus with a view to elaborating the point under his investigation within the given space constraints.

The scope of my paper was therefore admittedly limited, as is evident from its very title 'The Ahom political system : an enquiry into the state formation process in medieval Assam (1228-1714)'.² Nevertheless, in tracing the process, a reference to the pre-Ahom heritage was also made therein to the extent it was necessary. While highlighting the political changes under the Ahom rule, continuity as a factor was not lost sight of altogether, though emphasised somewhat less. It was shown that, while assimilation to Indo-Aryan ways of life in the Ahom dominion was slow in the three initial centuries, it reached a turning point by the beginning of the 16th century. Thereafter, the story was one of relatively rapid assimilation and fusion in respect of language, caste, religion, technology, etc., even though the Ahom state continued to maintain many of its distinctive features. With this foreword, Lahiri's comments are

* Centre for Studies in Social Sciences, Calcutta

1. K.L. Barua, B.K. Barua and P.C. Choudhury specifically interpreted Assam's ancient history in their respective standard works, and the sources relevant to the period have been excellently handled in the compilation edited by M.M. Sharma: *Inscriptions of Ancient Assam* (Gauhati University, 1978). One might also look into B.N. Puri, *Studies in Early History and Administration in Assam* (Gauhati University, 1968).
2. *Social Scientist*, Vol. 11, Dec. 1983, pp. 3-34. All bracketed page references that follow in the text relate to this source.

examined below.

I

On the question of continuity and change, I have been misunderstood. Did I not say that "in the 13th century, the Indo-Aryan culture still dominated the lives of the major section of the population of the *central plains* of the Brahmaputra Valley", that "the Ahom migrants did not come to a politically void region" and that "the political heritage of ancient Kamarupa had not left Upper Assam *totally* untouched" (emphasis added, p. 10)? I had even argued in the same context:

"the fragmented political structures incorporating *that tradition* still loomed large in the form of petty chiefdoms (*bhuyan raj*) in the vicinity. It was under such circumstances that the Ahoms started building a state system of their own in the easternmost extremity of the Brahmaputra Valley. *They had therefore some building blocks even there to pick up and start with.* Later, as they expanded southward and westward, they became increasingly exposed to this heritage..." (emphasis added, *ibid*).

Their almost simultaneous northward expansion towards the Hinduized Chutiya Kingdom had also the same effect. Not much details of the aforementioned initial building blocks of the interaction could however be pinpointed in the absence of concrete evidence.

It is not clear to me why the idea of a lapse into "retarded conditions"—that too only in the context of a remote southeastern corner of the Valley—should appear so "mystifying" to Lahiri. Such local variations were indeed possible because of differences in topography and ethnicity, as is evident from the medieval sources and early British accounts of the region.³ I had argued not for a general retardation taking place in 'many parts of Assam', nor had I qualified it as 'sudden', as is attributed to me. Were the pre-13th century political and socio-economic conditions really the same, as Lahiri believes, for both upper and lower Brahmaputra Valleys? If so, one could have safely talked of such a general retardation,—even a 'sudden' one—taking place in Upper Assam, on the basis of information available for medieval Assam. However, contrary to her belief, it is more likely that the Indo-Aryan penetration was, in general, relatively shallower in the upper than in the lower valley, particularly south of the Brahmaputra. In any case, the degree of Indo-Aryanization was visibly less in the former in our own times.

Alternatively, if pre-Ahom conditions are assumed to have remained uneven in the two parts of Assam, it follows that this unevenness con-

3. See my "Geography behind history: An introduction to the socio-economic study of northeast India", in *Professor D.D. Kosambi Memorial Volume Science and Human Progress* (Bombay, 1979), pp. 87-116.

tinued to persist and might have even increased later, even as Lower Assam absorbed more of the Turko-Afghan and Mughal impact; and Upper Assam, of the Tai impact. Upper Assam was, in any case, more dependent than Lower Assam on transplanted wet-rice cultivation during the 19th century and, in large parts of the former, its introduction had to await the arrival of the Ahoms.⁴ Incidentally, the presence of the wet rice technology in Assam even earlier, as indicated by such terms as *Vrhadali* and *kshetra-ali* in a copper-plate charters, was indeed taken note of in my chapter in the *Cambridge Economic History*. But the specific Ahom contribution is not negated thereby. The Ahom system of water control consisted of an elaborate network of dams and embankments, and the presence of anything of the kind on such a scale in pre-Ahom Assam is not suggested by available evidence.

In my paper, I avoided generalizations on the basis of speculative reasoning and examined the problem of retardation only in the context of 'the southeastern part of Upper Assam', where the Ahoms had remained contained for the initial three centuries and for which area we have historical evidence. On their entry, they found the undulating terrain infested with forests and marshes and inhabited sparsely by several tribes of the Tibeto-Burman linguistic group. Apparently, at that initial stage, they did not come into meaningful contact with such areas as had earlier been substantially Indo-Aryanized. Hence, their isolation from the *varnashrama* society was a prolonged affair, and their language and religion were retained even as late as the mid-17th century. Their *buranjis* (chronicles) bear this out with ample evidence. So do the extant ruins of the pre-13th century temple structures by their conspicuous absence in this habitat—the two contiguous districts of Sibsagar and Dibrugarh which are situated on the south bank of the Brahmaputra and are separated from Burma by the Patkai Range.⁵ It is also meaningful that none of the thirtytwo inscriptions consulted by Lahiri, was found in these districts. The Nagajari-Khanikargaon, Negheriting and Deopani finds only suggest that the Indo-Aryan thrust reached eastward up to the Jorhat district south of the Brahmaputra; while, on the north bank, it enveloped the whole of the valley portion right up to the hills.

All said, it may be concluded that a general retardation in the wake of the break-up of the central State of Kamarupa was not an impossibility. A definitive statement cannot however be made in this respect in the absence of adequate evidence. We can only point out to the ruination of the old cities and temple complexes, with no subsequent replacements, and to the disappearance of the tradition of lithic architecture and sculpture that followed. There is some evidence of a sporadic issue of gold

4. This was shown with details in my "Ahom migration: its impact on the rice economy of medieval Assam", *Artha-Vijnana* (Pune), Vol. 9, June 1967.

5. The reference is to the new nomenclature of the districts following their latest reorganization in 1983.

and bronze coins in Kamarupa of the 9th-12th centuries, but none of any kind of local coinage for the subsequent three centuries. The old ruling class culture got dissipated, and new ruling classes with a poorer culture emerged from several of Assam's tribes and the migrant Tais (Ahoms). It is therefore quite possible that the earlier process of sanskritization, detribalization and peasantization — however halting — had become further retarded and discontinuous, even in Lower Assam. This could have happened because of calamities, both man-made and natural, and also as a result of frequent influxes of less developed migrant tribes from the surrounding hills. That such things were not unlikely is suggested by what happened in the Ahom period itself during 1770-1824. Nearly two-thirds of the State's population were then wiped out by protracted civil wars and foreign invasion, and a retardation for many more decades set in. In any case, if we make an attempt to draw a curve representing the long-term socio-economic trend over several centuries (5th-18th), it need not be a continuous or unilinear one; periodic discontinuities will have to be accommodated therein. Contrary to Lahiri's supposition, nowhere in my paper was a cause and effect relationship between political fragmentation and socio-economic retardation, however, presumed or hinted at.

Lahiri's other point that the likely extent of the Brahmanical influence absorbed by the early (pre-16th century) Ahoms was not discussed in my paper is also not valid. I did mention that "the early Ahoms developed some contacts for trade and other purposes with the advanced Hindu caste society outside their political frontiers..." (p. 28), that a group of Brahmins had been brought by the end of the 14th century from Habung to help in royal affairs and that several Hindu rites were introduced at their instance at court ceremonies like the coronation (p. 19). Nevertheless, the evidence of the chronicles and other sources suggests that, for another hundred years, this influence failed to bring in any substantial change in the clan-based Ahom polity (p. 28). Significant changes began to take place only from 1497-1539 onwards after the Kingdom had doubled its territory and population through conquests.

In this connection Lahiri's observation that 'the Chutiyas have been dismissed in one line' betrays her oversight. The Chutiya case was briefly referred to in four places (pp. 5, 19, 20 and 33) of my paper. It was stated that, before its annexation by the Ahoms, Habung was a Chutiya dependency; that still earlier it was an autonomous principality ruled by Brahmins; and that the latter's origins could be traced back to a *circa* 10th-century copper-plate land grant issued by king Ratnapala. Having taken note of the "annexation of Habung in 1512 and later also the rest of the *Hinduized* Chutiya Kingdom as well as parts of the present Nowgong district, then ruled severally by the bhuyans and the Dimasa King" my conclusion was :

"This expansion to new territories and populations, *fully or partly Hinduized*, had its impact. ...The hereditary nobles (Chao) were now allying themselves

with the Brahmin literati with a view to forming an expanded ruling class" (emphasis added, pp. 19-20).

Thus, the influence the Chutiyas exerted on the Ahom State was dealt its appropriate chronological context and to the extent the sources provided evidence. The development of the Chutiya State up to 1523, itself—as much as that of the Dimasa State—is an interesting case that deserves, in its own right, fresh research and a separate detailed study.⁶

II

Lahiri's confusion stems not only from her conceiving the relevant long-run historical trend as a unilinear one, but also from her wishful interpretation of the inscriptional texts. She overstretches the meanings of certain key-terms therein and reads too much even in the controversial text. Take, for instance, her reference to the Tezpur Rock Inscription, which was not quite legible at the time of its discovery or later. H.P. Sastri's edited reading was only tentative; yet for Lahiri it contains "unimpeachable evidence" of political fragmentation early in the 9th century. She forgets in this context that terms like *Maharajadhiraja*, *mahasamanta*, *samanta-chakra* and *aneka-samanta* are found also in the Dubi and Nidhanpur inscriptions of the early 7th century.

Similarly, Lahiri's interpretation of the brief inscriptional reference to *Kumbhakara-garitta* (potter's pit) is not beyond controversy. The pit indicating a boundary mark did not necessarily suggest that it was as such situated on a plot of land inhabited by the potter himself or settled in his name. It was more likely that the plot, rich with ceramic clay, was nobody's private property and that it came under the category of waste or common lands, as one generally finds in land-abundant Assam. That the obscure word, *Dijjaratihadi*, stood for a caste-indicating personal name is also merely a guess of some scholars.

The mention of such terms as *raja*, *rajni*, *rajaputra*, *rajanyaka* and *ranaka* and the proliferation of offices since the late 9th century indicate the presence of a growing landed military/administrative hierarchy. But it is not clear whether they had hereditary ownership over all lands they controlled or whether only revenues therefrom, due to the king, were temporarily assigned to them as remuneration for their services. There is no unimpeachable evidence of the degree of dependence of the concerned peasantry either. It also appears that the granting away of police, revenue and administrative rights to Brahmin donees might have started even earlier than the 9th century. For, the collective land grant made in perpetuity to more than 208 Brahmin householders by a single charter in the 7th century was held on a tax-free basis.

One of the factors continuously present in all historical periods was the underdeveloped specialization and laxity of the caste system. "It was

6. Half a dozen inscriptions of the 14th-15th centuries and a few ruined sites that are extant relate to the medieval Chutiya polity.

in fact universally so throughout Assam even within *the caste society of older standing*" (emphasis added, p. 29). Even such a categorical statement in my paper is inadequate for Lahiri. "Since Guha does not throw any light on the long-term trends operating in Assam prior to the coming of the Ahoms", says she, "logically their specificity in Medieval Assam is assumed." A queer logic indeed!

To say that the caste system in medieval Assam remained lax, lacking both elaboration and occupational rigidities, does not necessarily mean that it was otherwise in pre-medieval times. If the weavers, boatmen and potters often held land in the vicinity of Brahmin quarters or some Brahmins practised martial arts, the practice was not peculiar to Assam alone during 5th-12th centuries. How, then, does this information help us in understanding why caste remained lax and less elaborate as before in Assam, while it was undergoing further rigidification and proliferation elsewhere in medieval India? In fact, pre-13th century sources are too scanty and too shadowy to throw light on the actual operation of the *varna-jati* system in Assam, *vis-a-vis* the *dwija-shudra* population within its fold and the numerous ploughless *kirata* tribes outside it. The problem has to be sorted out and solved largely by working history backward from the medieval reality. It appears to us that during 5th-12th centuries, the land grants, by and large, represented islands of private domains in a sea of communally-held tribal lands of shifting cultivators.⁷

Pre-5th century literary sources (however shadowy), archeology and ethnology, all combined at the stage of our present knowledge, could help restructure the past. Rice was brought to Assam by neolithic horticultural people who spread out in all directions from their southeast Asian habitats long before the Indo-Aryan thrust. But they used to grow only the dry variety of it in their *jhum* plots; that too, insufficiently. It was the Indo-Aryans who brought wet rice (*sali*), iron, plough and cattle (the latter as a source of power and milk) to the region. Revised versions of the Mahabharata and several *puranas* (c. 2nd century B.C.—2nd century A.D.), the *Kalika Purana* of c.9th-10th centuries and the *Prasastis* of Kamarupa kings—all these indicate this early Indo-Aryanization of Assam. However, there is no mention of Kamarupa/Pragjyotishpura in the early Buddhist sources. This significantly suggests that the Indo-Aryans had not spread out as far as to Assam before 500 B.C., at least not in mentionable numbers. Archeologically, the iron age together with NBP pottery, punch-marked coins and the Brahmi script reached the banks of the Karatoya firmly by 200 B.C.

It may hence be presumed that large bands of Indo-Aryan adventurers from Magadha had, by then, moved into the forested Brahmaputra Valley in search of valuable elephants, timber and, for

7. The nature of land settlement in pre-Ahom Assam was briefly discussed in my "Land rights and social classes in medieval Assam", *Indian Economic and Social History Review*, Vol. 3, Sept. 1966, pp. 218-39.

colonization of virgin lands. Later myths about this process counted Parashurama, Bashistha and Naraka among such pioneers. Other legendary figures like Bhagadatta, Vajradatta and Banasura also belonged to this early phase of Indo-Aryanization. If we go by Bhattaswamin's commentary on *Arthashastra* Magadha was already importing certain items of trade from this Valley in Kautilya's days.⁸

Thickly forested under heavy rainfall conditions as it was, the Brahmaputra Valley had only sparse *jhum*-centred settlements in the neolithic times. These presumably thrived on the banks of hill streams, lakes and river-confluences, where the natural process of erosion and flooding cleared land for them by uprooting forests. Their agriculture was characterized by land rotation, slash-and-burn and simple tools like hoes, axes, digging sticks and choppers, all made of stone. It was the Indo-Aryan newcomers, equipped with shaft-hole iron axes and cattle-powered, iron-tipped traction ploughs, who cleared forests on an extensive scale for permanent wet-rice cultivation. This in its turn led to an increase in population and laid the basis for the State or Janapada of Kamarupa to emerge.⁹ The mixed population absorbed Sanskrit culture, and the latter also, in its turn, absorbed many local cultural traits. Kamarupa moved from protohistory to history in the 4th century A.D.

If the wet-rice cultivation and the Indo-Aryanization of the autochthons had started so early, how is it that some dry-rice producing tribes and their tribal ways of life continued to persist in several pockets of the alluvial valley even in the medieval and early modern times? If the population was steadily increasing all the time, how is it that this valley, about 20,000 sq miles in area, had a population of only one to two million souls throughout the 19th century? These basic questions clarify the nature of the continuity of underdevelopment in the region's history. It was the persistent tribal factor that, time and again, had presumably halted the process and even temporarily reversed it.

The point may be further clarified with some hard archeological evidence, relevant to the threshold of our period. This evidence was found at the two adjacent villages of Sarutaru and Marakdola, both located at a distance of only 16 miles from Ambari in the city of Guwahati.¹⁰ At Sarutaru, an undated neolithic site, seven shouldered stone celts, resembling present-day iron digging hoes of the Khasis, were found together with crude cord-marked pottery of the southeast Asian neolithic types. At Marakdola, its adjacent post-neolithic site, only one such stone celt was found together with fine wheel-turned Ambari-type pottery and other objects, definitely datable within the 7th-13th centuries by

8. For the approach to the problem, see my "A historiographical perspective for north-east India", *Man in India*, Vol. 62, Sept., pp. 221-33.

9. Ibid.

10. S.N. Rao, "Excavations at Sarutaru: a neolithic site in India" and "Continuity and survival of neolithic traditions in northeast India", both cited, *ibid.*

a combination of Carbon-14 (upper limit : 1292 A.D.) and other methods. It is meaningful that, just within sixteen miles of the excavated temple complex of Ambari (7th-12th centuries), the use of stone hoes persisted until reduced to insignificance or mere ritualistic symbolism by the 13th century. This one instance of the uneven development and slow spread of material culture shows the limit of "the penetration of Sanskrit culture to the grassroots level" which Lahiri talks of.

Though its power and jurisdiction were shrinking, a central state of Kamarupa representing the old tradition somehow survived almost till the middle of the 12th century. Thereafter there was not one, but several successive Turko-Afghan raids or invasions. The invasion of 1205 was followed, for instance, by those of 1227, 1257, 1357 and 1362. The Turko-Afghan rule even attained a degree of staggering stability over a large part of Lower Assam during the second half of the 15th century. Thus in course of the 13th-15th centuries, alongside of such invasions from outside, there emerged a number of tribal, Hindu and even Muslim *bhuyan* chiefs who ruled in their respective localities. Political fragmentation might have had, in a way, started earlier. But it became significant for our periodization only in the 13th century when the breakdown of the central state was complete. The first invasion, rather than its repulsion, therefore suited our purpose to the extent it high-lighted the vulnerability of the falling regime.

This brings us to another question. What happened thereafter to the class of *raja-rajni*, *rajaputra*, *ranaka*, etc., and all the samanta dignitaries who were mentioned in inscriptions even as late as the 12th century? Not all of them were transformed into local *bhuyan* chiefs, since many of the *bhuyans* were known to be migrant adventurers of high caste, coming from North India after the fall of Kanauj to the Turko-Afghans. What happened then to the rest of the old feudal class and in what way was their grip over the society, economy and polity readjusted? Were the specific taxes—*Kara*, *Upari-kara*, *hastibandha*, *nauka-bandha*, *utkhetana* etc.,—retained under new names in the later period? Was the basic tax in pre-Ahom days also collected largely in the form of labour service, as was done subsequently in the Ahom State? Was *utkhetana* periodic labour service? These are the questions Lahiri should have raised and discussed to our benefit. Instead she minces words without trying to show what particular aspects of Assam's pre-Ahom political tradition survived.

Nevertheless, I am thankful to her for giving a serious consideration to my paper and for her bringing into focus the pre-Ahom legacy which I had by and large taken for granted.

BOOK REVIEW

Sharecropping and Sharecroppers

Sharecropping and Sharecroppers, ed. T.J. Byres, Frank Cass and Co., 1983.

MUCH of the recent economic literature on sharecropping has been devoted to a debate within the neo-classical tradition, as to whether and under what conditions the institution is more, less or equally efficient to other forms of cultivation relationship, such as fixed rent systems and wage labour. Although such analyses take as a point of reference Marshall's work which had a broad awareness of history, they have been essentially ahistorical in their approach. They have focussed on the rational choices and decisions of equal or symmetric economic agents, albeit occasionally within a bargaining-theoretic framework. Counterposed to such abstract forays, there have been studies of a sociological nature which attempt to locate the forces of tradition behind the institution of sharecropping, and rely on description and classification rather than explanation.

The present volume thus comes as a welcome relief, for the majority of the contributors manage to avoid these twin pitfalls. They attempt to locate the sharecropping relationship in particular socio-historical contexts, and to provide explanations of its nature and dynamics. While the framework of several of the writers could be broadly classified as Marxist, in some of the contributions there is a significant break away from the tradition of treating cropshare rents as evidence of feudal, pre-capitalist production relations, which would dissolve with the advent of agrarian capitalism. Rather, most of these contributions treat shareropping in a much more general way and see it as compatible with the requirements of capitalist agriculture. The volume is divided into theoretical chapters discussing particular aspects of the sharecropping relation, its determination and implications; and empirical investigations of the phenomenon and its behaviour in particular historical and economic situations.

Byres' opening article provides a brief account of sharecropping relationships in several ancient civilisations: Greece, China, India. By this means he establishes not only the (unsung) long history and geographical spread of the institution, but also its broad historical continuity and the possibility of its disappearance and reappearance in particular societies over periods of rural change. Some other features which are

subsequently elaborated in other articles in the volume are also highlighted, most notably: the inherent inequality of the sharecropping relation (which renders inappropriate any analyses which assume the interaction of choices of equal agents), the survival of cropshare rents into the recent past and the frequently observed close relation between cropshare tenancy and rural indebtedness.

Pearce's theoretical piece is essentially an attempt to explain the occurrence of sharecropping in general terms and to view its implications for rural change. According to Pearce, sharecropping is a particular mode of surplus appropriation which results from a combination of the configuration of class forces with other, economic factors. Thus sharecropping contracts would be preferred where landlords have dominant control and the supervision costs of labour are very high; alternatively, where tenants can influence the contract choice and are relatively risk-averse as regards income variations; finally, where "class relations are less obviously determined and both landlords and tenants are existing close to the margin of survival." (page 65)

This is an extremely neat and clear presentation of a very complex issue, which brings out the main elements in the choice of contract in agriculture. One limitation, however, is that arising from the definition itself: sharecropping is seen solely as a form of control over labour, rather than a distributional contract which may exist along with different forms of production organisation. This ignores the "production syndicate" possibilities of the institution, as mentioned below. This approach is common to all the contributors in this volume (with the sole exception of Utsa Patnaik). While it is powerful in encapsulating those situations where sharecropping is indeed a form of control over the labour process, it cannot deal with all the observed forms of sharecropping (for example, those involving capitalist tenants) and may result in some dubious conclusion, as is evident below.

Thus, Pearce argues that sharecropping is consistent with capitalist relations, but only in a *transitional* sense. He stresses the inevitability of its demise with the advent of the real subsumption of labour by capital in agriculture, e.g., with the so-called green revolution. There are several problems with this relatively orthodox position. The most obvious one is to explain the paradox that in many green revolution areas (for example north-west India) while the area under tenancy was observed to decline, sharecropped area actually increased as a proportion of tenanted area. Further, such a categorization cannot account for the phenomenon of the "rich capitalist sharecropper", i.e., land leasing by capitalist farmers; cultivation for profit with machinery or hired labour. This has been observed in areas as distinct as Ecuador and Punjab, India. The point is that in essence, the institution of sharecropping is neutral to the type of production relation—it is an envelop category encompassing a wide variety of qualitatively different landlord-tenant relations. Some of them may be along classic "feudal" lines, others may be evidence of the

formal subsumption of labour under capital in agriculture, still others may be productive partnerships of agrarian capitalists, with hired labour employed by the sharecropper.

This particular point is recognized by Utsa Patnaik, who argues in her article that the form of rent payment (fixed or share kind rent, cash rent) tells us nothing about the actual mode of production prevailing in the agriculture. Patnaik develops Marx's argument about rent as a barrier to capitalist investment in agriculture. In an interesting elaboration she points out that with the co-existence of capitalist and peasant tenants in the same land tenancy market, it is possible to imagine a rectangular hyperbola relationship between the rent as share of output and the output per acre on different farms, as tenants using different techniques with varying productivities are forced to pay the same absolute amounts of rent.

While Patnaik's developments of Marx's theory of rent are both important and interesting, her interpretation of the writings of Ricardo and Marx are open to debate. Thus she argues that Ricardo "ignores the economic effects of landed property *per se*." (page 72) However, for Ricardo, landed property is precisely the mechanism which forces the transfer of differential surplus produce as rent to the landowning class: otherwise it would be retained by the capitalist farmers themselves. Furthermore, Patnaik ignores the importance of intensive differential rent (DR II) in the Ricardian scheme. This makes the theory of different rent perfectly compatible with the situation in which all land under cultivation pays a rent, as long as the marginal unit of capital used in cultivation pays no rent. In fact, in his notes on Malthus, Ricardo explicitly recognized that the case of all land under cultivation paying rent would be the most relevant for all old-settled societies. This in no way negates his explanation of rent determination.

Patnaik feels that "it is not clear why the price of production in agriculture is determined by the price of production on the worst soil, i.e., under the most unfavourable conditions of production, as Ricardo states, and not determined by the price of production under the average socially necessary conditions of production" (page 74) The reason lies with the very fact that creates land rent in the first place: land of a particular fertility and location is a scarce and non-reproducible means of production. Thus agricultural cultivation is not strictly comparable with industry where the means of production are reproducible and where therefore the average cost of production determines the price of the commodity.

As far as Marx's theory of absolute rent is concerned, Patnaik states that it "is integrated consistently into his theory of value." (page 74) This is true only insofar as absolute rent forms the difference between the value and the price of production of the agricultural commodity. (Marx argued that agricultural products would exchange at value rather than price of production like all other commodities. Because the organic composition of capital in agriculture was judged to be lower than the

social average, value would exceed price of production by a margin which was then held to be equal to absolute rent.) However, Marx provided no mechanism, competitive or otherwise, within the economy to ensure that absolute rent would be limited by value. If such rent were indeed a monopoly exaction, a tribute enforced by the landowning class by virtue of their private monopolization of landed property, what limits such exactions to the difference between the value and the price of production of the agricultural commodity? This is a puzzle which Marx as well as later Marxists have not been able to solve satisfactorily.

Bhaduri's short piece comprises an elegant proof on argument made by Bharadwaj (1974) and several subsequent writers: when the share rent is given and the size of the tenanted holding is the relevant decision variable for landlords who control economic power, variations in the size of the leased holding can ensure greater labour effort by tenants in the absence of direct supervision. Thus, "in an extreme case, land productivity would tend to be maximised by parcelling out land in such small units that the tenant can just about meet his subsistence requirement only if he uses it most intensively." (page 20)

The contribution by Martinez-Alier endeavours to show, graphically, that sharecropping is more efficient than cultivation by wage labour: production will be higher, according to this argument, and consequently both landlords' and sharecroppers' remuneration will also be greater. He bases this conclusion on two economic arguments: (1) When using wage labour, the landlord would have to pay a positive wage even in situations when the marginal product of labour has temporarily fallen below the wage. However, with share tenancy, landlords can get extra returns from labour which would be otherwise unemployed (2) Since labour supply depends on remuneration, sharecropping, by providing a "piece-rate incentive" is more productive. Since Martinez-Alier¹ suggests that sharecropping is definitely superior to other forms of labour contract, he then has to explain why it is not universal, or at least more widespread. This he does in terms of the possible resistance from workers who may become unemployed with widespread cropshare cultivation in that agriculture, and landlord resistance because of the threat of land reform.

This argument is not fully convincing—and not simply because it is unable to deal with the frequent association of cropshare contracts with stagnant, low productivity agrarian economies. Sharecropping is more efficient than wage labour only in the sense that supervision costs will be less with a given technology. This ultimately boils down to a question of how important supervision costs are in inducing greater labour effort. Also, Martinez-Alier ignores the crucial importance of non-labour inputs, especially with the advent of new high-yielding cultivation technologies. Thus he cannot explain the massive shift away from tenancy to other more direct forms of labour control, which frequently accompanies "green revolution" type changes and agricultural growth. The reason is that in this article (unlike his earlier, more

analytically rich studies) he does not consider explicitly the question of the unequal access of landlords and tenants to input and product markets, which also colours the choice of contract.

Caballero presents what is essentially the same argument as that of Martinez-Alier, but algebraically rather than diagrammatically. He concludes that the allocative efficiency of wage labour may be greater than that of sharecropping, but the inefficiency of the former resulting from supervision costs, makes it less preferable.

Several of the empirical studies highlight some of the theoretical insights about choice of contract and implications for agrarian growth or stagnation. Thus, Keegan's excellent analysis of sharecropping in the arable highveld of South Africa shows concretely how sharecropping in this context was far from being a pre-capitalist relic, but was rather a functional relationship created and structured by the needs of white settler-based agricultural capitalism. Keyder's discussion of Turkish agriculture brings out the forces which caused sharecropping to appear—indebtedness resulting from the small peasantry's forced involvement with the world market; and disappear—technical change in the form of tractorization which enabled the substantial spatial extension of cultivation. Adrienne Cooper, in her description of sharecropping in Bengal, focusses on some aspects of these contracts which have been ignored or bypassed in much of the theoretical literature—perhaps because of the sheer difficulty of dealing with them? Most importantly, she stresses the substantial variations in details of contracts, rent payment and patterns of input cost sharing. Also, the enforcement by landlords of other supplementary forms of payment, such as forced labour and extra cesses, creates difficulties for the easy and common theoretical assumption of a given, universal rent rate (usually half-share).

The most significant aspect of the empirical articles—and one which is marked by its absence in much of the theoretical work in this volume (barring the work of Pearce)—is the importance of politics and socio-political power, not only in determining the form of the sharecropping relationship but also its dynamics and evolution through time. Mandle shows how in the post-bellum American south, the sharecropper-based plantation economy sprung up ultimately from the political inability of black ex-slaves to ensure land distribution in their favour. Desmond Gill's account of the *mezzadria* movement among Tuscan sharecroppers in United Italy illustrates that in this case, class political conflict rather than economic struggle for the betterment of conditions, dominated the scene. Stolcke and Hall, discussing the historical evolution of contracts in plantations in Sao Paulo, Brazil, emphasize a political approach. They argue that the transformation of labour contracts (e.g., from slavery to sharecropping to wage labour) is determined by the interrelation between the system of labour exploitation and the pattern of worker resistance.

This brief account does not do justice to the various articles, or to the advantage of having a number of studies of this nature brought

together in one volume. The book provides an important addition not only to the literature on sharecropping and tenancy, but also to efforts to understand patterns of stagnation and dynamism in agrarian societies.

Jayati Ghosh
Darwin College, Cambridge

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CONTENTS

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The Resurgence of Political Economy □ Concept of Asiatic Mode of Production □ Small Enterprises □ Lambadas of Andhra Pradesh

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CONTENTS

- Editorial Note* 1
- The Resurgence of Political Economy*
— Krishna Bharadwaj 3
- The Concept of Asiatic mode of Production: Its
Relevance to Indian History*
— M J K Thavaraj 26
- Small Enterprises and the Crisis in Indian Develop-
ment*
— Nasir Tyabji 35

NOTES

- Class and Caste Differences Among the Lambadas in
Andhra Pradesh*
— B Shyamala Devi Rattord 47
- Dynamics of Agrarian Relations in Sultanpur
Eastern Uttar Pradesh*
— Ram Subas 57

BOOK REVIEW

- The World Economic Crisis*
— Kulwant Sing Rana 64

*Articles, notes and review express the views of the authors and not necessarily of
the editors or of the Indian School Social Sciences.*

Editorial Note

In the last number of *Social Scientist* we had published an article by Prabhat Patnaik which surveyed certain important tendencies in bourgeois economics over the last century or so. The lead article by Krishna Bharadwaj has a rather similar scope; it too undertakes a critical survey of post-Marxian bourgeois economics. The reason we publish these two articles in successive numbers is not only that they complement one another in several ways, but also that their perspectives differ somewhat, thus enabling the readers to get a *Rashomon*-like experience. Patnaik was insistent on the specificity of Marx in contradistinction both to post-Marxian bourgeois economics as well as to pre-Marxian classical political economy. Bharadwaj emphasises a different distinction: between on the one hand the "surplus approach", which was shared by classical political economy as well as by Marx and has recently been revived by the work of Piero Sraffa, and on the other hand the utility approach in its various forms which came to dominate post-Marxian bourgeois economics. This difference in perspectives raises the following question: is there a specifically Marxist approach different from the general "surplus approach", which is capable of yielding insights that would get lost to us if we base ourselves on the latter alone; and for which Marx's value discussion forms an indispensable component?

This question which is linked closely to the entire nature of the Ricardo-Marx relationship is obviously of paramount theoretical importance. Just as, to take an analogous example, any understanding of Marxist philosophy consists pre-eminently of an understanding of the Hegel-Marx relationship, like-wise any understanding of Marxist economics consists pre-eminently of an understanding of the Ricardo-Marx relationship. Depending upon how we see this relationship, our view of Marxist economics is correspondingly shaped. It is important therefore that this relationship is seriously scrutinised. The present *Rashomonesque* exercise, we hope, is a prelude to more direct and forthright discussions of this question; we would like to follow up these two articles by contributions which promote such a discussion on fundamental issues.

The concept of the Asiatic Mode of Production has had a chequered history. Marx's own position on this concept, based on whatever

material was available to him at the time, was itself subject to development and never perhaps reached any degree of finality. And since the concept has been often distorted and used for reactionary ideological purposes, notably in the writings of Wittfogel, Marxists on their part have also been rather lukewarm about it. M J K Thavaraj in his article reviews this chequered history, and wonders if one cannot profitably use some of Marx's insights embedded in this concept for understanding a certain period of Indian history.

Nasir Tyabji's article locates the origin of the small industries policy of the government as well as the subsequent shifts in this policy within the overall political economy of India's development. Tyabji draws a pertinent distinction between the small enterprise and the small entrepreneur. The government's promotion of small enterprises is often taken advantage of by monopoly capitalists, to the exclusion of the genuine small entrepreneurs themselves; the latter moreover are often victims of the squeeze by monopoly capitalists, whether as competitors or as ancillary producers. There is therefore an anti-monopoly ire among small entrepreneurs which the democratic movement should reckon with and profit from.

B R Shyamala Devi's note on the Lambada tribe is important for a particular reason among others. This is one of the few tribes which has a system of admitting "outsiders" into the tribe, a fact which has of late aroused a good deal of interest among anthropologists. Her first-hand account of an actual "admission" ceremony in which she not only participated, but even initiated a move for reform, is of considerable interest in this context.

And finally, the note by Ram Subas draws attention to what Kautsky and Lenin called the process of "parcellisation" of land holdings, occurring in eastern Uttar Pradesh. While subas' data do not show any tendency towards increasing concentration of land holding among the households with land, the fact that in a situation of retarded capitalist development with little employment opportunities outside agriculture, parcellisation itself tends to general pauperisation of the lower peasantry, is vividly brought out by his figures.

The Resurgence of Political Economy

IN THE POST-SIXTIES we have experienced a remarkable resurgence of interest in classical and Marxian political economy, marked, on the one hand, by a still continuing confrontation between the mainstream neoclassical theory and the surplus-based analytical systems, deriving from political economy and attempts, on the other, at evolving approaches to economic problems broadly within the surplus framework. Theoretical debates and advances have moved mainly on three terrains: first, in the classical and Marxian political economy. This has enabled a clearer perception of the analytical development of political economy as a theoretical system: the peculiarity of the concepts and particular propositions that were developed, the form in which logical difficulties arose and were confronted by the successive classical theorists, particularly Smith and Ricardo, with varying degrees of success. It has also provided a perspective to view the radical extensions and reformulations of the earlier rudimentary theory in the hands of Marx who posed new theoretical problems and added entirely new dimensions. No doubt, this has evoked strong controversies but active debates constitute proof of a theoretical system being alive and kicking, and growing. Secondly, the established neoclassical theory which was initiated around 1870s has ever since continued to dominate economic theory, despite occasional exposures of its weaknesses, is being critically scrutinised, both with regard to its logical self-consistency as also the ability to handle and interpret the real world experiences of economies. Thirdly, many attempts are underway that can be broadly fitted within the rubric of surplus-based analysis, taking inspiration from Marx and other Marxist writers like Lenin, Rosa Luxemburg, and Kalecki. The range of these problems is diverse spanning from issues concerned with the dynamics of the capitalist systems to the experience of developing economies in their national and international settings.

The present paper, of necessity, can have no pretensions of covering the vast ground. Instead, we have restricted ourselves basically to reviewing the 'revival' of the classical approach, particularly to value and distribution in bringing out the distinctiveness of its approach

*Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

and some of its critical and reconstructive implications. Our concentrating on this narrow issue of distribution and value may appear unduly restrictive. However, the reasons for such a choice are the following. Considering the extant alternative economic theories, we notice that the explanation of capitalist value (and distribution) lies invariably at the base in the sense that it is only after clarifying this ground the further explanations of accumulation, or technical change or international trade etc, are attempted, consistent with the foundation. This appears to be the sequence in almost all theoretical works, whether in political economy (Ricardo, Marx) or neoclassical writings (Marshall, Wicksell, Walras, Bohm Bawerk, Fisher). In fact, the broad divide between theories could therefore be suggested precisely on their differing explanations of distribution and the related schemes of price determination. It will be further seen that the weaknesses mainly in the underlying distribution theory are further projected into the theoretical analysis of accumulation or, say, of technical change. Secondly, viewing the history of economic theories we notice that the prime mover that propelled them in new directions or routed out older frameworks—whether prematurely or justifiably—is the explanation of capitalist profits. Explicitly or-implicitly, it has been the foundering rock on which theories have been overturned. Ricardo began his investigation, in part, dissatisfied with Smith's explanation of profits as determined by 'competition of capitals'; Marx criticised Ricardo for his neglect of 'constant capital' and his tendency to equate 'surplus value' with profits. Nevertheless, common to them was the approach which Marx developed in the advanced form of interdependent production, formulating 'prices of production'. It was again the not-entirely-successful resolution of the 'transformation problem' that was used by Marx's critics to fault the surplus-based explanation of profit and led to the abandonment of the entire approach on apparently analytical grounds. Recent attacks on neoclassical theory have strongly emerged against their theory of distribution (profit). It would seem therefore that the viability and logical consistency of the theory of profit have played a crucial role in the continuance of a theory. We choose, therefore, the theory of distribution (profit) as a discriminating line dividing theories.

This paper has three parts. In Part I, we present very briefly the nature of the recent resurgence of classical political economy as an alternative analytical system, with a distinctive structure. Included also is a rough outline of the fluctuating fortunes of theories and our view that the surplus-based approach of Marx has possibilities of fruitful extensions, both in terms of developing a logically coherent body of theory and as handling better the changing historical conditions within which economies function.

Part II carries forward the idea that a consistent explanation of distribution is central to a logically sustainable analysis of accumulation and views, in that light, the 'first crisis'—the Keynesian challenge to

orthodoxy—which questioned the traditional theory that full employment equilibrium in a capitalist economy is established as an outcome of the uninterfered play of competitive market forces. The way to the ‘neoclassical synthesis’—the ‘counterrevolution’—was paved by the weakness of the Keynesian critique in retaining, or rather, attempting to modify only partially, the neoclassical theory of resource allocation while seeking to alter radically the theory of output and employment determination. It is suggested that the schemes of reproduction and the surplus-based approach may provide a more suitable base as illustrated in Kalecki. In part III the generalisability of the Marxian surplus approach to accommodate ‘historical changes’ will be illustrated with reference to technical change. Here, a comparative study of Schumpeter and Marx is instructive. Both writers acknowledged technological innovations as an important element in capitalist dynamics but analysed the problem within radically different value-theoretic frames—Schumpeter primarily operating within the Walrasian-Austrian theory. The consequent differences in their perceptions of profits and in their analysis of the mechanism of innovations and their repercussions are indicated.

The post-1960s resurgence of political economy—what has been termed as the revival of the surplus approach—emerges both as a challenge to the established neoclassical theory as well as a reconstructive effort to delineate in clear and rigorous terms the underlying structure of the distribution theory on which is ultimately founded the analysis of accumulation and capitalist dynamics. In the value and distribution theories, considerable discussions have occurred in the wake of Piero Sraffa’s work while Kalecki has inspired further work on the dynamics of accumulation in capitalist, socialist, and ‘mixed’ economies. Research on conditions of production and exchange, on questions of surplus generation, distribution and accumulation, in developing economies and on problems relating to their historical transition is growing at a striking pace. Problems relating to trade and financial relations in the international economy are being analysed outside the conventional groves of ‘free trade vulgaris’. Here, for reasons mentioned above, we focus on the developments in the theory of distribution.

The attempt in the concerned critical literature has been to view the supply and demand-based equilibrium theory and the surplus-based classical theory as alternative structures.¹ The latter developed significantly in the hands of Smith and Ricardo and was critically evaluated and extended in many directions by Marx. This critical extension occurred not only in terms of particular concepts but also in embedding political economy into a comprehensive philosophical system to view social history, not only in reformulating problems but adding altogether new dimensions, particularly in the analysis of capitalist accumulation.

Fluctuating Fortunes of Theories

It is interesting to note the fluctuating fortunes of the two

streams of theory. As noted, the critical element was always the theory of profit, concerned as they all were primarily with capitalist economies. 'Scientific Political economy', to use Marx's words, developed through criticisms, reinterpretations, and extensions from Petty in England and the physiocrats in France.² Smith and Ricardo evolved the rudimentary frame for the analysis of capitalist value and distribution centred on the notion of surplus. Marx, at a time when opposition to the Ricardian theory was already mounting,³ extended the surplus approach comprehensively to explicitly root the capitalist categories in historical conditions and theorise on the 'laws of motion' of capitalism, as a historical stage in society's development. In the meanwhile, an alternative theoretical structure was getting erected by Jevons, Marshall, and Walras.⁴ In professional circles, the surplus approach was gradually submerged. On the continent, Bohm Bawerk mounted a direct attack on Marx, choosing the 'transformation problem' as the battleground. In England, Marshall, claiming descent from Ricardo, subverted the classical approach, seeking to establish the 'cost of production' theory as but a partial, underdeveloped form of his own supply and demand based equilibrium theory.⁵ Marx was pushed into oblivion through benign indifference. The immediate reaction of Marxists was to resort to a distinction between 'qualitative' and 'quantitative' value problem to push aside the difficulty posed by the transformation problem or to concentrate mainly on historico-philosophical issues connected with Marx's method, leaving the field of professional economic theory to the complete sway of neoclassical theory.⁶ The latter, despite occasional bestirrings caused by specific issues like increasing returns, non-competitive market-structures etc, reigned supreme until the first challenge was posed by the Keynesian theory, born out of the traumatic experience of the Great Depression. We shall see, in the next section, that the Keynesian critique while stimulating new areas of research, posing problems in an unorthodox fashion, bringing into the focus the macro-functioning of the economy as at variance from the view that the collectivity was formed by a simple addition of individual decisions, was soon reabsorbed into the neoclassical mainstream. While the underlying price theory was not very clear (to wit the debates on micro-foundations), Keynes' critique left in place and only marginally sought to modify the neoclassical theory of distribution. A Parallel but independent analysis of capitalist accumulation appeared in Kalecki's writing whose starting point was the Marxian schemes of reproduction. Currently, the ongoing efforts, on the side of surplus theory appear to be to graft the positive elements of Keynesian theory pertaining to the theory of effective demand onto the surplus approach to attempt an explanation of output/employment on the basis of that principle, for the long as well as the short period.⁷

The capital theory debate that was stimulated by Piero Sraffa's *Production of Commodities* struck once again at the neoclassical theory

of profit. The debates that continue have demonstrated the internal inconsistency that arises in presuming a well behaved demand function for capital (generating the inverse relation between capital per person and the rate of profits). Although its immediate destructive impact has been felt on the aggregate production function, the source of difficulty lies much deeper as it questions the presumption of 'factor substitution' working to restore the theoretical relations that neoclassical theory requires for establishing uniqueness and stability of equilibrium. Further, while the immediate impact is on the theory of profit, insofar as the principle of factor substitution is used in other theoretical results pertaining to growth or international trade, the capital theory debate has wider repercussions on many aspects of neoclassical theory.

The same capital theory critique has also enlivened interest in the labour theory of value and the interpretation of the 'transformation problem'. What appears clear now is that the problem of transformation in Marx—of 'transforming' surplus value into profits and 'labour values' into price,—reflects the difficulty that a labour measure faces in the presence of 'constant capital' in deriving easily and consistently the rate of profit from the rate of exploitation. Once the nature of the difficulty when constant capital is allowed is understood, a solution to the transformation problem can be consistently presented as is done implicitly in Piero Sraffa's *Production of Commodities*, or explicitly as in Garegnani or Pasinetti. While a number of solutions to the transformation problem have been earlier proposed and a debate about its meaning and significance has gone on,⁸ the advantage of this way of looking at the transformation problem is that it clarifies the source, the context and the nature of the problem and illuminates the implications of its 'solvability', namely the consistency of the explanation of the rate of profit within Marx's surplus theory. Thus, a clear elaboration of the 'capital theoretic problematique' within the two frameworks achieves simultaneously a powerful critique of the neoclassical theory of profit as well as a more coherent reinstatement of the surplus-based explanation of profits. The tables are thus turned against the earlier triumph of the neoclassicists like Bohm Bawerk who sought to banish the Marxian theory on the basis of its logical weaknesses.

The Core of Surplus-based Theory of Distribution and Value

Looking at the various explanations of distribution attempted within the surplus theories, we can identify a simple core in the theory. This core appears clearly in the reproduction scheme of Marx defining prices of production. As data of the system we have social output levels and the dominant methods of production. Wages are regulated by social and economic forces best studied separately from those affecting the social product. Given the wage, the rate of profit and prices of production are obtained simultaneously, competition implying a uniform rate of profit for the system. In the core (defined by given

social product and methods of production) distributive shares other than wages emerge as the difference between the given social product and the given necessary consumption or as surplus. Such an approach to distribution has certain features which we may note:

a) "Given" wage (which is not the same as 'fixed') allows a wide spectrum of social and historical factors to enter its determination.

b) "Given" level of social output does not connote fixity. It serves only to underline that there are complex historical forces affecting the composition and level of output (including the pace of accumulation).

(c) "Given" dominant method of production does not imply necessarily that there is only one method uniquely available or in use or that unit costs are invariant to scale of output. A distinction was made by Marx and others between "known" techniques-in-use and "new" techniques. The "dominant" method among those in use can itself be variously interpreted as the one most widely used (i.e., as producing the major share of output) or as the one in which new investments are taking place or as the "average" method. Given the spectrum of techniques actually in use, it is to be noted that not every change in the technique adopted by an individual producer would warrant a change in the "dominant" technique used for calculation of prices.

d) The fact that the core is so 'given' does not rule out interaction among these components. Indeed Marx was explicitly concerned with such interactions between, say, the level of output and changes in methods of production, or the speed of accumulation and the wage rate, etc. However, no rigid functional links were *a priori* forged between, say, changes in output and unit cost of production or changes in labour productivity and wages as found in marginalist analysis. Such rigid relationships stipulating well-behavedness of the relevant supply and demand relations constrain the theory so that it is compatible only to such changes.⁹

The structure of the surplus-based theory thus has an openness allowing for introduction of specific historical factors and particularities of social relations. The openness also allows taking cognisance of the macro-level forces directly. This is so, paradoxically, because of the limited characterisation that is *a priori* postulated in the theory. The marginalist theory of prices is much more ambitious as it tries to determine, within a single framework of relations, commodity outputs, prices and factor rewards through simultaneous determination, taking as data the tastes of consumers, resource endowments and technical conditions of production.

Certain commonplace misgivings must be removed before we proceed. The association of classical theory with Say's Law underlined by Keynes is not a necessary one. While Ricardo supported Say's Law, taking savings as identical with investment, he did not deduce the consequence of full employment as a *result* of the totality of equilibrium

relations. Under-utilisation of capacity and labour is fully compatible with the 'natural prices' or 'prices of production' in Marx. In fact, the persistence of the 'reserve army of labour' was explicitly discussed by Marx as a feature of the capitalist economy. Further the use of prices of production does not bind the analyst to the assumption of self-reproducibility. No presumption is made regarding either 'realisation' of values or the subsequent use of the surplus. Further, neither perfect foresight nor lack of uncertainty is presumed in the construction of prices of production.¹⁰

It would be possible to generalise the surplus-based distribution scheme taking, as given, social output and methods of production and rules stipulating the distribution of surplus amongst the capitalist class and between classes. Smith himself considered a vector of wages and a vector of profit rates (rather than a single and uniform wage and profit) as a possible depiction of the situation where there were persistent and stable profit and wage differentials. It is possible also to incorporate similarly sectoral differences in the degree of monopoly, if the latter could be independently identified. An attempt to incorporate structural patterns and differences in commodity growth rates etc, for example, appears in Pasinetti.¹¹

The Crisis in Marxian Theory?

The ongoing debates as mentioned above have also brought forth a revival of controversies over the labour theory of value which is viewed in certain quarters as an evidence of the 'crisis' threatening Marxian theory. We shall not enter into the much-tangled controversies, but make only brief comments on the nature of the issues and the status of the labour theory of value in the context of the theory of profit. Marx's intention was to demonstrate that, despite the Rule of Property, Bentham and Equality on capitalist exchange, profit originated in surplus value generated by labour-power in production, appropriated by the capitalist who has command over the use-value of that labour power which secures only the historically determined wage as its value in exchange. In a simple labour value regime where commodities exchange in prices proportionate to labour values, Marx could demonstrate profits as a surplus limited by conditions of production, given the historically determined value of wages (i.e., 'necessary labour') and also the 'inner relations' between wages and profits (the antagonistic inverse relation) that were important for him to deduce the 'laws' of capitalist dynamics—the tendencies and countertendencies that the system generates as accumulation proceeds. Marx therefore proceeded to establish these results first in labour terms and then sought to 'transform' them into 'prices', while fully aware, from the beginning, that capitalist exchange occurs at prices of production and not at labour values. In fact, it is a definite advance of Marx that he clearly enunciated the notion of prices of production in a multi-departmental, general-interdependent

scheme and attempted to draw rigorously the implications of relating systematically prices and values and recognised it as a problem associated with 'constant capital'. (Ricardo, despite his elaborate discussion of the composition of capital, had *essentially* obtained the rate of profits in the simpler case of all capital reducible to wages.)

That Marx's procedure of transformation was partial (the means of production, and V themselves not "transformed" as Marx himself mentions), that his *definition* of the rate of profit as $\frac{S}{C+V}$ is inconsistent has by now been demonstrated.¹² However, the formal results now available on the transformation problem, do suggest solutions, linking directly in some cases and implicitly in others, the rate of surplus value and the rate of profits.¹³ One of the results that emerges is that the rate of profits is positive if and only if the rate of surplus value is positive and that the movements of the two are positively associated.¹⁴ While the result by itself is not an adequate proof of causation, it does establish that, if independent reasons could be found for positivity of the rate of surplus value, one could infer the basis for profits in exploitation. And, indeed such an independent explanation is to be found in Marx when he painstakingly presents the historical circumstances that transform the production relations in society, with labour-power "becoming a commodity". It is the nature of the capitalist relations that, on the one hand, commodity production is generalised and exchange becomes impersonal, "free as well as equivalent", while the labourer emerges as free in the dual sense, freed from his means of production and sustenance and free to offer his services as a commodity. This commodity itself is however a peculiar commodity which resides in the person of the labourer and is "noncapitalistically produced" by him. Its value is therefore determined historically.

It is evident, however, that, to demonstrate the working of this *system* generating exploitation, we do not require a *Labour Theory* of value (i.e., we do not necessarily have to assert that exchange takes place at prices proportional to labour values). What is necessary is to realise that there are historically compelling circumstances that there is 'unpaid labour'. The content and meaning of the 'transformation' problem was precisely to establish that the nature of profits does not alter *only because* prices of production at which exchange takes place would deviate from labour values and that the theory of profit does not alter in essence.

We may, however, bear in mind the analytical-historical reasons for Marx's procedure of resorting to the analysis in labour value terms prior to the consideration of prices of production. It was clear from what transpired after Ricardo, that the Ricardian theory was meeting hostility and Marx noticed the decline of scientific political economy. The so-called Ricardians themselves while, on the one hand, asserting simplistically labour theory of value in uncompromising terms,

self-contradictorily abandoned its connection with distribution and consequently discarded effectively the Ricardian theory of distribution. Bailey's influence was also creeping in. Marx in his *Theories of Surplus Value* demonstrates his acute awareness of the state of the theory. If Marx feared losing sight of the 'inner connections' by moving to 'exchange value' or 'prices of production' directly, he had sufficient reasons to do so as this—the generalisation from labour theory to prices—was precisely where the major scuttling was occurring. The Ricardians themselves had yielded to the criticisms that the 'inverse relation' between wages and the rate of profits would no more validly hold once 'exchange values' deviate from labour values, lapsing into the fallacy of 'adding up' which Ricardo had vigorously opposed. At the same time, labour theory, severed of its connection with distribution, had been rendered a vacuous assertion. It was to the credit of Marx that he attempted to provide to the theory a socio-historical rationale and use it to focus attention on the labour process, while attempting to meet its technical limitation through 'transforming' and thus re-establishing its results in terms of prices of production. Ricardo's involved procedures of dealing simultaneously with 'values' as absolute labour values and as 'exchangeable value' in his theory of profit had generated considerable confusion. It was an important analytical step forward taken by Marx in precisely defining 'prices of production' and attempting to rigorously relate the sets of labour values and prices.

Further we must also note that, while labour *theory* of value is not an essential pre-requisite for the determination of profit on the basis of the surplus principle, the theory played an important role in providing certain insights into interpreting contemporary experience of advancing capitalism. As Marx recognized under competition, producers of commodities had no power of extracting surplus in exchange—the situation being one of 'equivalent exchange'. And yet, capitalist production was spurred by the objective of maximising profits. Capitalists' struggle to so maximise could be seen operating on the production floor where, through using their control over the labour process, they were capable of implementing their strategies. Marx's graphic description of the way this control was sought to be exercised and the changes in these strategies, which he analysed so perceptively using the notions of absolute and relative surplus value, substantiates this. It was here that the 'use value of labour', 'the value of labour-power' and 'surplus labour' were the immediate concrete concerns of the capitalist. Surplus value, in a sense, was the micro-foundation of profits at the macro level. The micro-behaviour of the capitalist could be seen in his attempt to maximise surplus value. On the other hand, the surplus value was only an *ex ante*, potential form of profits. For, it was profits ultimately that are actually *realised* through the macro functioning of the economy.

II

"After 1945, Keynes' innovations had become orthodox in

their turn; now governments had to admit they were concerned with maintaining the level of employment; but in respect to economic theory the old orthodoxy closed in again."

-(Robinson)¹⁵

The Keynesian Revolution was soon tempered into orthodoxy. Recent critiques of neoclassical synthesis (e.g., Garegnani)¹⁶ have sought to establish that the counter revolution was facilitated by Keynes' own partial critique of marginalist theory—particularly its theory of distribution. We briefly present this development to illustrate the cardinal importance of the theory of distribution in the base of a consistent theory of accumulation and also to show how, with the rejection of the marginalist explanation of distribution, its theory of output and employment cannot be any further sustained.

The counter arguments to the General Theory took shape soon in the wake of its publication, initiated by Hick's early article "Keynes and the classics" of 1936. The "neoclassical synthesis" which developed through further writings basically attempted to establish Keynes' *General Theory* to be only a particular case of the Walrasian equilibrium. In a generalised interdependent system within the neoclassical framework involving demand and supply relations for commodities, money and assets, the Keynesian result of 'underemployment equilibrium' was seen to emerge as a special result of identifying one or another specific assumption as "crucial" which converted certain functions into constants or attached extreme values—of zero or infinity—to particular price elasticities or put restriction on forms assumed by certain functions within specified ranges.

It was initially conceded that Keynes' strong point was on the policy front. He was praised for his strong intuition that allowed him to recognise the vital significance of these rigidities and imperfections of the system and its mode of functioning. However, in recent times, even this 'strength' of Keynesian analysis has been questioned, as the limits of 'fiscalism' have been exposed by the complexity of domestic and international economic management in capitalist countries.

The critiques of this neoclassical synthesis that have been offered in recent years have themselves differed, depending upon the basic framework of value and distribution theory they have adopted. One group of critics (Clower, Leijonhufvud, Malinvaud, among others)¹⁷ view the limitation of this early synthesis in its eliminating those very insights of Keynes, which, when incorporated, would enrich the neoclassical theory. Or, in short, they argue that the Keynesian problematique demands a reformulation of the Walrasian theory and a further enunciation and analysis of the sources and processes of disequilibria. Others¹⁸ however, reject the neoclassical theory of distribution and see a more useful possibility of grafting the Keynesian vision and his theory of output determination on another theoretical structure deriving from the

classical theory. It is among the latter, that we see the efforts to integrate the Keynesian output and employment determination (via multiplier) onto a surplus structure.

The sifting out of elements of Keynesian analysis for a discrete acceptance requires locating the seeds of compromise in Keynes that led to the neoclassical synthesis. Countering the traditional argument that changes in wages would lead to full employment, as is well known, Keynes accepted 'the first postulate' (wages must equal the marginal product of labour at a given level of employment) but rejected the second (utility of the wage is equal to the marginal disutility of labour at a given amount of employment). However, the condition that the demand for labour is elastic with respect to the real wage needs in traditional neoclassical theory, to be further supported by the simultaneous requirement that interest successfully equilibrates savings and investments, if competitive forces have to establish full employment in equilibrium. It was this equilibrating role of interest that Keynes rejected. Having done so, he needed an alternative explanation of interest rate determination. This, he constructed by proposing that the rate of interest is determined proximately by monetary factors (i.e., in terms of the demand for and supply of money). Thus, the rate of interest equilibrated *not* the demand for and supply of *savings* but the demand to hold money and the exogenously determined supply of money.

However, the theory of interest rate in the orthodox theory is a part and parcel of their long run theory of distribution and strictly dependent upon the marginalist hypothesis of substitution of factors of production. The theory required, resulting from this substitution, an inverse relation between the volume of planned investment and the rate of interest—a result questioned by the recent capital theory debate. Keynes, while rejecting part of the marginalist explanation of the rate of interest continued to subscribe to their view of distribution, partly reflected in his acceptance of the marginal efficiency of capital schedule, suggesting the inverse relation between investment demand and the rate of interest. This kept the way open for the eventual reabsorption of the Keynesian theoretical model into the neoclassical orthodoxy. (There have been also other grounds, well known by now, to challenge the interest elasticity of the marginal efficiency schedule.)

Keynes' own critique of orthodoxy had relied upon two factors. He had first cleared that ground by establishing, with the use of his consumption function, that a decline in money wage could not influence real wages and employment, *except through* its effects on investment, the latter thus being the key element. He had then argued that liquidity preference or the future course of expected rates of interest would inhibit the fall of the rate of interest to an order sufficient to stimulate investment to match up to the full employment savings and secondly, he had emphasised the volatile character of expectations rendering future profitability and investment uncertain and susceptible to fluctuations.

Thus Keynes, stressed the need for quick adaptability of interest rates but, at the same time, pointed at the obstacles to it. The Keynesian critique thus seemed particularly effective for short run situations. And, in fact, his theory came to be more and more confined to short period situations.¹⁹

Consequently, the neoclassical theorists could adapt to a reformulation in terms of the long period where the system could still hover around the full employment situation. In fact, with the aid of the fiscal hand, much of the growth theory assumed full employment to prevail. The Keynesian obstacles to the system attaining full employment were interpreted as imperfections and rigidities in the system which may warrant the active intervention of the visible hand of the state. To conclude:

They only had basically to exploit the negative interest elasticity of investment which Keynes conceded and tame the expectations suitably or bring them within the web of rationality. However, as Marx had observed long ago—an observation sustained by historical experience—capitalist societies are marked by continued persistence of the 'reserve army of the unemployed' (to which Marx had joined the phenomenon of 'excess capacities' in the monopoly phase). Indeed there persists an effective demand problem (i.e., the insufficiency of aggregate demand to absorb the output produced by the *normal* use of capacity) in the long run as well as the short run; in the former case we refer to the utilisation of existing capacity while, in the latter, we refer to the creation of additional capacity. Attempts towards the analysis of accumulation, stimulated by the Marxist approach recognise the 'effective demand' problem in both the short run and the long run context. Kalecki's work, inspired by Marx's schemes of reproduction, has indicated the possibilities of building up an alternative macro analysis of accumulation.

Suggestions along another route of developing a theory of accumulation within the surplus approach, borrowing the positive elements from Keynes have been hinted at recent work.²⁰ This positive element from Keynes is his significant idea that it is not the rate of interest but the level of income that ensures equality between savings and investment. The building blocks for the short run theory where production capacity is already in place exist already in Keynes, particularly with his depiction of the income generation process, with the level of investment as given or as an independent variable. The long period theory, Garegnani suggests, could be developed on the basis of supplementary analysis of (1) the determinants of the long run levels of investment, (2) the relation between income and consumption, and (3) the generation of savings through changes in productive capacity. These, no doubt, are relations which are influenced by the specific historical conditions of an economy. That the surplus framework would afford more openness in theory to specify and incorporate such

conditions is evident from Marx's attempts to analyse the dynamics of capitalism for his contemporary situation.

III

Marx and Schumpeter on Technical Change

Technological dynamism as a motive force of capitalism was stressed by Marx as well as Schumpeter. Both came to place emphasis on historical change and the *process* of capitalist development, with cycles as an inevitable, integral part of that development. However, they used radically different interpretations of the capitalist system. Apparent similarity at certain points of analysis between the two—especially with relation to technical change—is not surprising: Schumpeter was greatly influenced by Marx, in the negative sense: as Joan Robinson puts it, his intellectual development was “a life long struggle to escape from Marx”. In the process, he did recognise some of the positive methodological features of Marx but differed radically both in his ‘vision’ and his theoretical system. While recognising the importance of historical factors he preserved his allegiance to the formal structure of Walrasian-Austrian theory of value and distribution, particularly the formal theory of stationary state, disputing only specific propositions within it. The synthesis between his history and theory remained uncomfortable: while he displayed historical knowledge in his descriptive writing, his theoretical system could hardly keep in step. On the other hand, the attraction of pure formalism inclined him to propose sometimes that the core of economic theory—the logic of the circular flow, his own variant—was applicable to all societies from primitive, medieval, capitalist to socialist societies. His early theorising of imperialism as an atavistic activity ran as a single thread from the Roman empire to the twentieth century.

Schumpeter was one of the staunch followers of ‘methodological individualism’. While he maintained that the disturbances to the capitalist system were caused predominantly by external factors, he singled out one endemic, endogeneous factor which internally produced regular disturbances. (This latter idea of an endogeneous cause driving the system is evidently borrowed from Marx as there is an explicit reference to Marx, in this connection.)²¹ This factor was the entrepreneurial activity of the *individual*. Schumpeter, as a true methodological individualist, analysed the repercussions of this individual's activity, on the totality. The dynamics of the macro system was to be analysed as a sum total of these activities. Schumpeter, as is well known, was critical of the use of aggregates in Keynes.²² As we shall see, such an approach rendered his massive study of business cycles descriptive and statistical, lacking in rigorous determination of either the state of the economy at any time in terms of total output, employment and income or its movements.

Schumpeter's analysis was woven around two central themes: first, a view of 'profits' as entirely to be ascribed to 'leadership' as against 'ownership'. (He explicitly took the position that a cardinal fallacy of classical writers, particularly Marx, was to link profits with ownership.)²³ Secondly, the view that capitalism is essentially a robust system, subject inevitably to cyclical movements caused predominantly by external factors but also by the 'internal' factor of entrepreneurial activity.²⁴ In his *Capitalism, Socialism and Democracy* he was to see the capitalist system riding on the tide of success towards a doom, brought about precisely by the destruction of the entrepreneurial spirit, with the growth of anti-capitalist culture. It was again in the realm of ideas, of attitudes and human proclivities that the causes for the doom lay.²⁵

Centred as the analysis of technical change was on the entrepreneurial (innovational) activity as giving rise to profits, there was no room to bring in the capital-labour relation which was the focus of Marx's treatment of technical change. Schumpeter supported his view of profits as originating in 'innovations' by generating a complete set of mutually sustaining *definitions* to yield 'the Schumpeterian System' whose principal aim was to establish that leadership and that alone explained the rise of profits.

Circular Flow and Zero Rate of Profit

Schumpeter begins with the notion of the 'circular flow'—a 'capitalist' system in perfect equilibrium. He attributes considerable significance to the idea of circular flow, which he ascribes to the physiocrats and the classical writers as much as to Walras and Bohm Bawerk, without distinguishing the stages through which the 'capitalist economy' passed.²⁶ Further, his definition of the capitalist system as "a commercially organized state, in which private property, division of labour and free competition prevail" is a wide-enough rubric. Commerce, property and division of labour have characterised a variety of societies.

It is Walras and Bohm Bawerk on whom Schumpeter relies to define the valuation—distribution process in the circular flow, with the difference that, by assumption, there are no capitalists and no profits in the circular flow. Production is fully adjusted to demand, the optimum technique once for all adopted and there is no scope for change in the system which keeps reproducing itself. (A major difference from the analysis of circular flow of the physiocrats, is the one-way characterisation of the economic process in Schumpeter—or, the idea of hierarchy of commodities, from primary factors to final consumption goods and the adoption of the Austrian explanation of value and distribution.)

In such a system Schumpeter argues that there is no 'surplus product' and no 'profits', all value being competitively imputed to land and labour as rents and wages respectively, these being the two primary factors. This one principle of imputation under competition, for

Schumpeter, is the *proof* of zero profits; for, the process of imputation will not suffer surplus over and above wages and rents. However, this reasoning reverses the causal relations. Close students of Wicksell and Walras—and for that matter, Marx and Sraffa would realise that *it is when the rate of profit is taken to be zero* that value can be entirely imputed back to wages and rents. It was precisely Adam Smith's reduction of price to these components (wages, rents and profits), viewing price as 'decomposable' that Marx objected to as erroneous when the rate of profit is positive. It was only when the rate of profit was zero that such a reduction would be possible, as, for example, under the simple commodity production, but this would also be the case under which labour theory holds.

Schumpeter, while following Bohm Bawerian hierarchical structure of commodities, criticises his explanation of profit on the basis of "the element of abstinence" or "the necessity for waiting". He distinguished between the process of "creating a productive apparatus", as happens more when a roundabout method of production is adopted (seen as a case of innovation) and the process of operating it once created and incorporated within the circular flow. He denies that abstinence or savings can have any role in generating profits which can be associated only with the former process of innovation. "There can be no question of abstinence in the sense of nonconsumption of the sources of return, because by *our assumption* there are no other sources of return other than labour and land."²⁷ Since consumption is fully adapted to the present and future flow of goods and optimally arranged, Schumpeter argues, there is no motive left for underestimating future products and no "waiting" consequently. This argument, by itself, however, cannot rule out a positive rate of profit; for, it is only tantamount to saying—and here, certainly Schumpeter has a point—that there could have been underestimation of future consumption *if* there were a positive rate of profit (interest) given exogeneously and that when the rate is zero, there could still be an equilibrium at that zero rate. However, Schumpeter regards this as a *proof* for the absence of time preference and hence for the prevalence of zero rate of profit. His *proof* indeed has to rely on the principle of imputation, already referred to.

On the same ground of already established equilibrium in the circular flow, Schumpeter abandons the idea that there are "advances" in production. "Workers and landlords always exchange their productive services for present consumption goods only, whether the former are employed directly or indirectly in the production of consumption goods"²⁸ However, as Wicksell envisaged, in a simultaneous instantaneous production model of general equilibrium where there could not—or need not be—'advances' in the sense of historical stages (and intermediate goods as well as final goods would be produced continuously and simultaneously), there could yet be a positive rate of profit and 'accumulation' of profits. On the other hand, a self-reproducing (as distinguished

from a self-replacing system) wherein there is *zero* rate of profit could be in equilibrium without generating any surplus product. Again, it is the *assumption* of the zero rate of profit that appears crucial in Schumpeter's argument. Schumpeter abandons then the notion of capitalists as possessors of means of production along with the idea of capital as accumulated stocks of goods. "If the possessors of produced means of production were called 'capitalists', then they could only be producers, differing in nothing from other producers, and could no more than the others sell their products above the costs given by wages and rents."²⁹ Implicitly then, Schumpeter is confining himself to a situation of simple commodity production where the category of "capitalists" and consequently "profits" vanishes. Arguing likewise there is no room in his system for credit, and money plays, in the circular flow, no other role but the one of facilitating circulation of commodities.³⁰

Innovations: The Source of Profits

Schumpeter then introduces 'innovations' in the circular flow. What is striking is that, while there have always been innovations in history, Schumpeter's 'innovations' seem to be the powerful intervention that introduces into the circular flow all the typical capitalist institutions and categories: profits, money, and credit. Another set of definitions and constraints follow to show that profits are entirely the yield of 'innovations', themselves defined in a special way, by dissociating the innovator from the necessity for prior possession of means of production or 'savings' or, in fact, any conditionality concerning access to credit. Thus the innovating producer is delinked from any past history of accumulation and the innovation is paramountly an individual's act. This dissociation from the past is carried even further in defining innovation as "carrying out new combinations", (concretely meaning introduction of a new good, a new, as yet untried, method of production, access to new markets, to new sources of supply of raw materials or carrying out of new organisation) and these new combinations, as a rule, are carried out by new firms, using new equipment.³¹

'Entrepreneur' is the agent who carries out the new combination and is the one who receives profits generated because of the more productive use of resources. Innovations, not requiring any past possession of means of production may be introduced by any entrepreneur from among labourers or landlords. Innovation is purely "a matter of business behaviour" in a capitalist society. Thus, to Schumpeter, "Entrepreneurs do not form a social class" and "their genealogies display more varied origins".³² He goes further to suggest that the leadership it demands "is distributed by a Gaussian Law and not exceptional". Thus the entrepreneur of Schumpeter is paradoxically the one whom he divests of means of production, more particularly the possession of previous capital, and the entrepreneurship is an individual's achievement, par excellence.

The entrepreneur thus needs credit (Schumpeter argues even strongly, "only the entrepreneur needs credit") to enable him "to withdraw the producer's goods which he needs from their previous employments, by exercising a demand for them, and thereby to force the economic system into new channles".³³ Commensurately, the 'capitalist economy' and 'capital' get redefined: "That form of economic organisation in which the goods necessary for new production are withdrawn from their settled place in the circular flow by the intervention of purchasing power created *ad hoc* is the capitalist economy... Capital is nothing but the lever by which the entrepreneur subjects to his control the concrete goods which he needs, nothing but a means of diverting the factors of production to new uses or of dictating a new direction to production".³⁴ The *function* of capital thus consists in procuring for the entrepreneur the means to adopt his innovation. Capital does not consist of goods *per se*, but a fund of purchasing power available for the specific purpose for transference to entrepreneurs. Here, the access to credit is not posed as a problem. Presumably free and equal access to all entrepreneurs exists. Further, the entrepreneur assumes no risk—it is entirely the lender's responsibility. 'Innovation' therefore rests purely on the 'leadership' quality of the innovator. The rate of interest—a purely monetary phenomenon—is determined by the demand for 'capital' as above-defined by entrepreneurs and its supply by banks.

Entrepreneurial Profits

The only profit in the system Schumpeter recognises then is the premium put upon successful innovation in a capitalist economy and is temporary by nature. It needs to be noted that Schumpeter follows closely Marx's description of the rise of 'super profits' in the wake of new technical advances, enjoyed temporarily by those producers who initiate them and which are wiped out by the competitive forces, with other producers following suit. This is precisely how the competitive tendency towards the uniform rate of profit asserts itself in Marx. This competitive process of absorbing the innovation may however leave its effects on the general rate of wages and profits. The 'super profits' are profits over and above those profits accruable at the uniform common rate of profit in the economy. In Schumpeter, the system, after the burst of entrepreneurial profits, returns to the profitless circular flow. If a chain of innovations is speedily reabsorbed, he envisages even 'profitless prosperities'.

Business Cycles

Schumpeter sketches the evolution of capitalistic society with innovations producing perpetually the undulating movements of business cycles. These are deemed to be generated internally, through innovations alone. In the Pure Model (operative in the absence of errors

and speculative activities), there are two phases, prosperity and recession. In the prosperity phase, the entrepreneurial activity surges ahead to exhaust the opportunities of gain. As borrowing diminishes, earlier firms pay off debts, autodeflation follows and with increased output, prices decline. The new equilibrium has greater total output, lower prices, with the same aggregate money incomes. The second approximation is obtained by adding other elements to this pattern like the secondary wave of induced investments and speculative activities. This leads to the four-phase cycle. Added on to the two phases are 'a pathological phase' of depression and of revival. Depressions are not "indispensable" in the capitalist process and occur when the multiple cycles (Kitchin, Juglar and Kondratieff) manage to overlap in their troughs.

Schumpeter's scheme of business cycles is at best a descriptive account. His vision of historical change and the 'dynamics' is entirely governed by his view that innovations are the prime movers of the capitalist system but he does not offer any explanation for the rise of innovations or the reason for their clustering rather than their occurring in a continuous stream. While innovations are considered by Schumpeter as 'internal to the economic process', they in fact, appear, as a spontaneous, external factor as their 'source' is in the Gaussian distribution 'of leadership quality'. Apart from the propensity and urge for profit, there is nothing that explains this drive to innovate and since this urge is ever present, there is no explanation available for the time pattern of innovations. Evidently, the 'entrepreneur' is neither constrained by the means of production in his possession nor by the limits to the access to the sources of finance. In such a case, there are no obvious constraints working on entrepreneurial activity.

Nor do we obtain an analysis of the nature of innovations or their impact on employment, wages, level of profits, absolute mass of profits, level of investment, etc. Schumpeter, as we have noted, did not favour aggregative analysis. Full employment of resources is presumed in the circular flow and the system returns to a new circular flow after the innovations. Unemployment of resources, particularly labour, receives no attention excepting as a transitory phenomenon. The only rivalry that attracts some attention is between the old and new firms; those who innovate and those who adjust. But entrepreneurs are no special class. The 'dynamics' of the system is worked out—rather described—in terms of acts of individuals while business cycles are to be recognised on the basis of statistical data available on macro magnitudes. As Kuznets and Rostow rightly pointed out, it was hard to put the Schumpeterian 'dynamics' into empirical work, although the sweep of his description continues to impress even now.

While profits are to be seen as a temporary return to individual entrepreneurial activity, we have no clue how the rate of profit or mass of profits is to be theoretically determined. There, in fact, is no question

of providing a rationale for the tendency towards uniformity, nor, what is more important, any reason given for systematic profit-differentials. To Schumpeter, in a situation where the entrepreneurial activity is to be financed by 'capital'—purely 'ad hoc' finance created by banks—no such questions appear to be pertinent. However, the two major concerns for the analysis of capitalist system—the determinants of investment and its level—do not figure in Schumpeter. Along with the issue of the level of employment is bypassed, presumably, the system equilibrating at full employment. Thus the picture of capitalist evolution that we have is one fuelled by the force of innovations carried out by individual leaders under the influence of profit motive. The pattern of this movement is to be discovered from past history. The capitalist system spontaneously moves from one equilibrium situation to another. Innovations are the disequilibrating force and the vehicle of historical change and the cycles are thus integral part of this evolution. Recessions in the Pure Model are by no means harmful to the system—in fact, those are the periods when the fruits of prosperity are reaped in terms of expanded output, its changed composition and lowered prices. Speculative factors in 'the secondary approximation', monopoly elements and 'trustified capitalism' are 'institutional factors' that are added on to enrich the basic scheme. Depression is viewed only as a 'pathological' case when the Kitchin, Juglar and Kondratieff cycles overlap in their troughs—this indeed, a fortuitous and rare occurrence.

Technical Change in Marx

In Marx, the process of technical change and the role it played shaping the growth of the capitalist mode in industrialising Britain is analysed in a markedly different framework. Marx, too, attached great importance to the march of productive forces (a point which probably inspired Schumpeter) and recognised that the pursuit of profit motivates the adoption of such changes. He had also described in terms which find an echo in Schumpeter, the temporary super-profits that the producers first initiating a technical improvement derive until the time that competition induces the leading technique to become the 'dominant' one (in the sense above, in part I). However, he maintains: "...it is not because he is a leader of industry that a man is a capitalist; on the contrary, he is a leader of industry because he is a capitalist. The leadership of industry is an attribute of capital just as in feudal times the functions of the general and judge were attributes of landed property."³⁵ The contrast here with Schumpeter is striking; Schumpeter exactly reversed the proposition. Marx analyses these changes in productive forces in close link with his theory of profit. The capitalist's pursuit to maximise profits is reflected in his attempts to extract as much surplus value in production as possible by using his control over the labour process. Historically:

- (a) Marx traces out how the nature of the labour-process itself

changed, qualitatively transforming the capital-labour relation in production and bringing about changes also in the intra-capitalist relations.

(b) Also, at each stage of development of capitalist production, a certain minimum of capital in the hands of or accessible to a producer was needed so that "the minimum required to metamorphose the producer into a capitalist changes with different stages of development of capitalist production and is at given stages different in different spheres of production, according to their special and technical conditions".³⁶ This had effects on the structural characteristics of industry as well in terms of intra-capitalist competition. The 'creative' individual rising to be an entrepreneur without prior possession of capital would increasingly be a rarity. The access to credit would itself depend upon capital under command, so that it too discriminated in favour of property owners.

Process of Capitalist Development in Marx

Marx deduced certain results regarding the development process; he not only demonstrated the possibilities of cyclical fluctuations due to the disproportionalities and mismatching of the various (commodity, credit and productive capital) cycles but also indicated long term tendencies concerning the possibilities of the falling rate of profit and of the disproportionality and realisation crises etc. While the capital-labour relation was seen to be affected by the changing technical and organisational forces, the effect of the prevalence of the reserve army of the unemployed and of organised labour on the character and pace of technical change was also discussed. Thus, at the centre of his analysis was the capital-labour relation and its distributive implications. Marx analysed the technical changes that took place in England in terms of three stages: co-operation; division of labour and manufacture; machinery and modern industry. The capitalist process is seen as moving progressively from the dispossession of direct producers of their means of production to labour-power becoming a commodity and further on to the position of increasing subservience of labour to capital. At first, capital subordinates labour on the basis of technical conditions in which it finds historically. Even without the alteration in the system of working, the simultaneous employment of a large number of labourers effects a revolution in the material conditions of the labour process under cooperation. It increases productivity through economy in the use of overheads and the common means of production. It not only increases individual productivity but makes attainable such tasks as are possible only by collective manpower. However, the social productivity of cooperative labour now appears as productivity of capital and since, to bring about this cooperation, a minimum of capital is required, gradually the labourer becomes absorbed into the production process as a seller of his labour power. His productive achievements are possible only when he joins capital which is no more his.

Manufacture introduces further division of labour inside the production unit just as social division of labour occurs with specialisation across industry. Processes are partialised and "a productive mechanism" is created whose parts are human beings. This intensive specialisation implies that labour not only has to sell its labour-power but its functions can be exercised only in an environment that exists in the workshop of the capitalist. There is thus increasing dependence on the capitalist for the realisation of his labour-power. Simultaneously the interdependence in capitalist production also increases so that the seeds of 'capitalist anarchy' are sown in this mutual interdependence. The technical conditions progressively adopted under manufacture also make it a necessity to have "increased numbers of labourers under the control of one capitalist"; this also increases therefore the minimum capital required in the hands of the capitalist. Further technical intensification occurs under the machinery and modern industry phase where the minimum required capital increases. Along with this rises the significant role of finance and of accessibility to credit institutions. The progressive increase of productive forces now unleashed through the ownership of and control of capital, generates internally a tendency towards the rise of monopolies destroying competition while the "inner antagonistic relations" of capital and labour sharpen, bursting the confines of the system.

Changing Capital-Labour Relations

The changing capital-labour relations are reflected in various strategies adopted by capitalists to extract surplus value and their consequences for the labourers during the various stages of industry. In the initial phase, the strategy appears to have been in terms of increasing the length of the working day, utilising the weaker sections of the labouring population (children and woman) at a time when the 'reserve army of labour' was swelling in numbers. However, this exploitation reached its limits when it was considered wiser to delimit the working day. The legislative acts to that effect were results of both the struggle of the working class and of the realisation that productivity increases via technical improvements (increasing relative surplus value) were superior to the previous methods. (An interesting observation of Marx is that, given the fact that no individual capitalist would have liked to take the lead in curtailing the working day which had reached unproductive proportions, the move had to be brought through a legislative enactment.) Marx also comments extensively on the changes in the composition and volume of employment and on the changes that occurred in the level of wages as also in the wage systems in various phase of the capitalist development. An important element that entered capitalists' choice to adopt mechanisation was anticipations regarding the strength of the reserve army of labour and the level of working class militancy and organisation.

At the level of macro-relations, Marx analysed the effects of technical developments on the increasing 'organic composition of capital', increasing social division of labour imposing conditions of proportionality among industries; the effects on the general rate of profits of technical improvements cheapening wage goods on the one hand and increasing organic composition of capital on the other; effects of relative immiserisation of labour on realisation of profits. In other words, attempts were made by Marx to analyse the interconnections between technical change and the process of accumulation working through primarily distributive relations. He analysed these effects on the macro-system through noting the tendencies and countertendencies that were generated by increasing organic composition of capital, cheapening of wage goods, changing class-relations and their distributive implications, the 'anarchy' as well as growing monopoly dominance in intra-capitalist relations etc, with sharpening of internal contradictions.

History and Formal Theory in Marx

What is remarkable in Marx is the ingenious way in which he was able to integrate the historical experiences of the specific epoch in capitalist development with his formal analysis. His analysis, at places, was incomplete and not all his specific results/prognostications have been proved correct. Yet, his is the best example of an attempt to integrate historical changes with analysis of the macrobehaviour of the system. While analysing tendencies and countertendencies at the level of the macro-system, Marx was able, using the conceptual tools of surplus value (relative and absolute), to delve deeper into the production sphere and describe the dynamics of capital-labour relation within the labour process where the capitalist was in control. The openness of his theory of distribution (profit) allowed him to grapple with historico-specific features that entered into the determination of technical methods, the wage level and the expanding universe of commodities. Schumpeter, on the other hand, with his Walrasian (modified in his own way) theoretical framework for value and distribution, failed to integrate history and technical change into his formal analysis of capitalist societies, nor could he deduce rigorously the dynamic consequences of technical change.

- 1 P Sraffa, *Production of Commodities by Means of Commodities*, Cambridge, Cambridge University Press, 1960. See also among others, K Bharadwaj, *Classical Political Economy and the Rise to Dominance of Supply and Demand Theories*, Calcutta, Orient Longman, 1978; M Dobb, *Theories of Value and Distribution*, Cambridge, GHP, 1971; L L Pasinetti, *Lectures on the Theory of Production*, London, Macmillan, 1977; and P Garegnani, *Marx e gli Economisti classici*, Torino, Einaudi, 1981.
- 2 Marx adopts this starting point in *Theories of Surplus Value*, I, Moscow, Progress Publishers, 1963.
- 3 M Dobb, *op cit*. Also, see K Bharadwaj, "Ricardian Theory and Ricardianism", in *Contributions to Political Economy*, 1983.
- 4 M Dobb, *op cit*; K Bharadwaj, *op cit*, 1978.

- 5 K Bharadwaj, "The Subversion of Classical Analysis: Alfred Marshall's Early Writings on Value", *Cambridge Journal of Economics*, (September) 1978.
- 6 P Sweezy, *The Theory of Capitalist Development*, New York, Monthly Review Press, 1942 followed by R Hilferding, "Bohm Bawerk's Criticism of Marx" in P Sweezy (ed), *Karl Marx and the Close of His System*, New York, Augustus Kelly, 1949.
- 7 See, particularly J Robinson, *The Accumulation of Capital*, London, Macmillan, 1956. P Garegnani, "Two Routes to Effective Demand", in J A Kregal (ed), *Distribution, Effective Demand and International Economic Relations*, London, Macmillan, 1983, suggests another route.
- 8 The literature on the transformation problem is vast. Among others, see P Sweezy, *op cit*; L Von Bortkiewicz, "Value and Price in the Marxian System", in *International Economic Papers*, No 2, New York, 1907; P Sraffa, *op cit*; F Seton, "The Transformation Problem", in *Reverse of Economic Studies*, Vol 24, 1957; M Morishima, *Marx's Economics: A Dual Theory of Value and Growth*, Cambridge, Cambridge University Press, 1973; I Steedman, *Marx After Sraffa*, London, New Left Books, 1977; LL Pasinetti, *op cit*, and Garegnani, *op cit*, 1981.
- 9 See K Bharadwaj, *op cit*, 1978; P Garegnani, *op cit*, 1981.
- 10 P Garegnani, "Notes on Consumption, Investment and Effective Demand", Part I, *Cambridge Journal of Economics*, (December) 1978; See also, Garegnani, *op cit*, 1981.
- 11 LL Pasinetti, *Structural Change and Economic Growth*, Cambridge, Cambridge University Press, 1981.
- 12 See Garegnani, *op cit*, 1978; Steedman, *op cit*, 1977.
- 13 See among others, J R Hicks, "Mr Keynes and the Classics", *Econometrica*, (April) 1936; F Modigliani, "Liquidity Preference and the Theory of Interest and Money", *Econometrica*, (January) 1944.
- 14 This is also called the Fundamental Theorem by Morishima, *op cit*, 1973.
- 15 Joan Robinson, *Economic Heresies*, London, Macmillan, 1971.
- 16 P Garegnani, *op cit*, 1981.
- 17 See R Clower, "The Keynesian Counter-Revolution: A Theoretical Appraisal", in T Brehling and F (ed), *The Theory of Interest Rates*, London, Macmillan, 1965; A Leijonhufvud, *On Keynesian Economics and the Economics of Keynes*, New York, Oxford University Press, 1968, among others.
- 18 LL Pasinetti, *Structural Change and Economic Growth*, Cambridge, Cambridge University Press, 1981; J Robinson, *op cit*, 1956; P Garegnani, *op cit*, 1983.
- 19 P Garegnani, *Ibid*.
- 20 *Ibid*.
- 21 J A Schumpeter, *The Theory of Economic Development*, New York, Oxford University Press, 1961, p 60.
- 22 J A Schumpeter, *Business Cycles; A Theoretical, Historical and Statistical Analysis of the Capitalist Process*, New York, McGraw Hill Company, 1964 (abridged), p 21.
- 23 *Ibid*, pp 78-79.
- 24 *Ibid*, p 53. Also, *op cit*, p 63.
- 25 J A Schumpeter, *Capitalism, Socialism and Democracy*, London, Unwin University Books, 1966, pp 121-163.
- 26 J A Schumpeter, *op cit*, 1961, p 18.
- 27 *Ibid*, p 38. Emphasis added.
- 28 *Ibid*, p 43.
- 29 *Ibid*, p 46.
- 30 *Ibid*, p 53.
- 31 *Ibid*, pp 74-94. Also, *op cit*, 1964, pp 59-62.
- 32 J A Schumpeter, *op cit*, 1961, p 78; *op cit*, 1964, p 79.
- 33 *op cit*, 1961, p 106.
- 34 *Ibid*, p 116.
- 35 K Marx, *Capital*, Vol I, London, Laurence and Wishart, p 332.
- 36 *Ibid*, p 309.

M J K THAVARAJ*

*The Concept of Asiatic Mode of Production:
Its Relevance to Indian History*

MARX was preoccupied with the discovery of the laws of social development. Explorations into historical materialism led Marx to analyse not only the nature of transition from feudalism to capitalism in his immediate European environment but also into the identification of earlier socio-economic formations especially of Asia. In this he had to rely on the writings of ever so many political thinkers, economists and historians from Aristotle to Hegel as well as the accounts given by European travellers and missionaries. Most of these sources were Euro-centric. Marx was particularly influenced by the writings of Richard Jones (political economist), Hegel (philosopher) and Bernier (traveller). His ideas, however, were evolving over three decades since the *Communist Manifesto*. Marx made several references to Asiatic Community, Oriental Despotism, historic forms of property etc, in his articles on India and China, *Capital*, Volume III and letters exchanged by Marx and Engels amongst themselves and with others. Asiatic Mode of Production (AMP) as a distinct historical category first appeared in his *Economic Manuscripts* of 1857-1859 and was confirmed in his *Preface to A Contribution to the Critique of Political Economy* of 1859. Though modified with additional historical material like Morgan's *Ancient Society* which influenced both Marx and Engels, the vagueness and geographic particularism which shrouded the concept gave rise to genuine methodological and epistemological problems for Marxist historiographers on the one hand and ammunition for ideological and political controversies on the other. The academic debate on the concept has waxed and waned but cannot be said to have ended.

AMP as Defined by Marx

While outlining the AMP in the *Economic Manuscripts*, Marx underlined the communal ownership of property. It is the community which produces and reproduces itself by living labour. Only insofar

*Professor of Financial Administration, Indian Institute of Public Administration, New Delhi.

as the individual is a member of this community that he regards himself as an owner or possessor. The integrating entity is distinct and superior to numerous real separate communities. The individual then is propertyless or property seems to be mediated for him by a grant made by the total entity represented by the ruler to the individual through the intermediary of the particular community. It is therefore self-evident that the surplus product belongs to the supreme entity. Marx summed up his exposition as follows.

Oriental despotism therefore with its apparent legal absence of property is in fact, however, based on tribal or communal property, in most cases, created through a combination of manufacture and agriculture within the small community, which thus becomes entirely self-sustaining and contains within itself all conditions of reproduction and surplus labour belongs to the higher community which ultimately appears as a person. This surplus labour is rendered both as tribute etc, and as common labour for the glory of the whole community, partly of the real despot, partly of the imaginary tribal entity, the god.¹

During their correspondence with one another Marx and Engels had agreed that the absence of private property was the key to the Oriental world. In this formulation, Marx was influenced by James and J S Mill and more particularly by Richard Jones who maintained that the sovereign was the sole proprietor of land and enjoyed exclusive title to it.² Consequently, there were no loci of power independent of the ruler who appropriated the surplus from direct producers in the form of rent/tax. This system of ownership, production relations and surplus appropriation was called the Asiatic Mode of Production.

Distortions and Deviations

The sources from which Marx had initially drawn his inspiration were coloured with shades of Euro-centrism. For instance, James Mill feared that the creation of "strong" private property rights in India would lead to the creation of an "unproductive and reactionary class of landed aristocrats".³ He desired that rent should be handed over to the state to serve in place of taxes—a frank expression of the hatred the industrial capitalist bears towards the landed proprietor, useless excrescence upon the general body of bourgeois production. Similar concerns and prejudices have pervaded the views of other liberals and utilitarians like J S Mill and Richard Jones as well as Popish missionaries. These biases have provoked strong reaction to damn AMP as a 'colonial fiction' meant to rationalise confiscation of native properties. To the extent that Marx had accepted these sources uncritically he has been criticised in some quarters as Euro-centric. At the same time AMP has been unpopular with Eastern communists

from the beginning of the debate after the First World War. In the periodisation outlined in the *Preface*, Marx has implied that AMP represents a less civilised stage than slavery (antiquity) and serfdom (feudalism). This has often played into the hands of nationalist elements inspired by revivalist predilections who characterised Marxism as an alien doctrine meant to downgrade native culture and civilisations. World communist movement had to take note of national sensitivities in the Third World countries regardless of methodological correctness or its empirical results. It is not uncommon to come across speculative chauvinistic claims that buds and germs of capitalism would have grown independently into capitalism but for the blighting impact of Western imperialism. Sifting the grain from the chaff in history is therefore difficult.

Political exigencies have assumed greater significance with the emergence of Socialist Soviet Union which had to play a leading role in the world communist movement. Political exigencies associated with revolutionary preoccupations have sometimes blurred historical perspectives and realities. Lenin rarely recognised AMP. In his lecture delivered at Sverdlov University in 1919, Lenin did not refer to AMP as a stage in social change though, while taking down notes from Marx-Engels correspondence, he had acknowledged the absence of private property under AMP. Stalin had no use for AMP, though Mad'iar who worked in the Eastern Secretariat of the Comintern had underlined the relevance of AMP to China. In fact, the period 1925-1931 witnessed a lively debate on AMP in the Soviet Union. The debate was getting muffled during 1931-1934 when echoes of Trotskyite distortions were heard in the AMP debate especially while formulating a revolutionary strategy for the colonies and semi-colonies.⁴ AMP began to get eclipsed in Soviet literature around 1934, and this eclipse lasted for about three decades. References to AMP were also removed from the *History of CPSU* and *Fundamentals of Marxism Leninism*. The debate on AMP was however reopened by Eugene Varga in 1964. But soon it got entangled in the heated exchanges following the Sino-Soviet rift. AMP was used as a handle to characterise Chinese socialist experiments as "barrack communism" and to launch a tirade against Maoism.⁵ Disentangling AMP from the slanderous and acrimonious exchanges and restoring the debate back to methodological and empirical questions will take some time.

The geographical theorising represented by Karl A Wittfogel was a malicious attempt to malign the Soviet and Chinese communism as despotic regimes rooted in AMP. In his earlier writings, Marx mentioned that state irrigation works were a characteristic feature of Asiatic society. He never regarded public works as an intrinsic part of AMP. But the "irrigation hypothesis" of Wittfogel was inclined to dub all governments having an enlarged public sector as despotic.⁶ In fact, this was a veiled attack on Soviet communism as despotic. As Arnold

Toynbee argued, Wittfogel did not have to take cover behind AMP if his objective was to attack the Soviet system.⁷

The larger issue under debate was the relative influence of naturally determined human relationships and historically evolved social relationships. Marx had maintained that geographical factors were of decisive importance at different stages of social development. In his *Critique*, Marx had explained that geographical factors diminished in importance *pari passu* with the development of man's productive process. Progress consisted in the movement from naturally determined human relationships to historically evolved social relationships. As argued in the *Grundrisse*, nature builds no machines, no locomotives, railways, electric telegraphs, self-acting mules etc. These are products of human industry—natural material transformed into organ of the human will over nature or of human participation in nature.⁸ In fact, man can plan and create his own environment. In short, Marx and Engels believed that with historical progress geographical factors are destined to become of negligible importance.

Marx's idea of the receding importance of geographical factors was faithfully reproduced by the Soviet historian Pokrovsky in his widely used text-book, *The Brief History of Russia*.⁹ Similarly, the Soviet historian M A Konstovtsev has maintained that the influence of the geographic environment upon a given society is inversely proportional to the degree to which that society is equipped with technology. In other words, the lower the technological level of society's development, the more strongly it is influenced by the geographical environment and vice versa.¹⁰

On the other hand, Plekhanov had articulated his belief that geographical factors do not necessarily diminish in importance with the development of man's productive powers.¹¹ Wittfogel carried this argument further when he maintained that natural factors were of decisive historical importance. He applied his formulation of ultimate determination of social relations by the natural forces of production to all of the Marxist stages of history. Though Wittfogel somewhat modified his position subsequently it has remained extremely deterministic.¹² On the contrary, Stalin belittled geographical factors in his *Problems of Leninism* when he argued that geographical factors accelerate or retard but do not determine social changes because changes in the development of society proceed at an incomparably faster rate than the changes in development of geographical environment.¹³ This, however, was contested by the Soviet geographer N N Baransky who followed Wittfogel in affirming that advances in technology do not mean lessening of the influence of natural factors on the mode of production. According to Wittfogel, though natural factors were constant in form, different natural factors are actualised at different periods. For instance, water was used for water-mill earlier, for steam-engine next and to generate hydropower later. In the same vein, Baransky argued that

new natural factors such as the location of oil line wields a determining influence on the distribution of industry and transportation.¹⁴ A somewhat moderate view was held by Anuchin who maintained that the direction of social development could be altered by the influence of specific geographic factors on the mode of production.¹⁵ But, according to Kalesnik, neither the geographic factor nor society can be decisive in the development of the environment, since society is incapable of cancelling the laws of nature.¹⁶ It is thus obvious that Wittfogel's irrigation hypothesis was heavily imbued with his political-ideological predilections and the subsequent debate also reflected the twists and turns of politics.

Gaps in the Concept

Marx and Engels had greater respect for empirical facts. Their quests for additional knowledge was immense. They had no hesitation in reformulating their concepts and ideas in the light of fresh data. For instance, Marx had already acknowledged the existence of feudalism in Japan. In one of his letters to Engels in 1853, Marx drew his attention to the fact that private ownership of land existed south of river Krishna. Recognition of private property in parts of India had far-reaching consequences for the concept of AMP which was based on the absence of private property in land. Consequently, some modification was made to the effect that there was no "strong" property rights and that the state was the "principal" owner of surplus production. Similarly, with due regard to Morgan's *Ancient Society*, Engels accepted 'gentes and tribes' instead of the family as the basis of the earliest form of human organisation. Engels had also deleted the word 'oriental' from Marx's phrase "the original oriental form of communal property" in the text of the third German edition of the first volume of *Capital*.¹⁷ However, neither Marx nor Engels could work out the full implications of their new knowledge for their theoretical formulations. It is true that AMP did not figure in the later writings of Marx and Engels. Reference to AMP was not made in the *Origin of Family*.

Secondly, by the way in which the stages of social progress are outlined in the *Critique*, Marx had left himself open to the chagrin of believing in some sort of unilinearity. However, in the *Grundrisse* he clearly envisaged a multi-linear schema. Barring references to AMP made in his notes on Marx-Engels, Lenin also apparently followed a unilinear five-stage schema. Stalin adopted the schema without any reference to AMP. But, some of the proposals for plurality and multilinearity, though they resembled the *Grundrisse* schema, echoed Wittfogel's geographic connotations.¹⁸ For instance, Maurice Godelier suggested two forms of AMP, viz, one with great public works and another without them. L A Sedev has assumed a close link between the productive bases and the socio-economic structures. He has three such formations: (1) those based on agriculture without artificial

irrigation; (2) those based on agriculture with artificial irrigation; and (3) those on herding. According to him, agriculture based on large scale irrigation gave rise to a society dominated by a bureaucratic elite while herding gave rise to a society dominated by a military aristocracy.¹⁹ Though the possibility that Asiatic, Ancient and Germanic variants could all have emerged from primitive forms is indicated, no clarity has as yet emerged.

Thirdly, while the other modes are spelt out in economic terms, AMP is formulated in terms of geographic territory. The societies under AMP does not make it universal. Mad'iar, Varga and Vitkin who emphasised the universality of AMP argued that the particularity of the East discovered by many historians was only relative because ancient Europe (e.g. Mycinae) had also experienced a stage similar to that which Marx has described as Asiatic.²⁰ Associated with this is the question whether AMP represented a class society. In Marx's outline, the ruler who is deemed to be the lord of the land appropriates the surplus from the direct producers who parted with a good chunk of the output by way of tax/rent. Some, however, are inclined to regard AMP as the last stage of the primitive communal formation. There are others who are inclined to include the bureaucratic elite in the ruling class.²¹ The career civil servants of China constitute such an elite. Those who favour such inclusion have argued that the officials constituted a class not because they were officials but because they represented the property interests of the ruling class. Apart from the lingering doubts about classes and class struggle associated with AMP, it is argued that Engels did not satisfactorily reconcile a function-based definition of classes with the authentic Marxist definition of classes in terms of ownership of the means of production and relations of production. Nor did he integrate the emergence of state in Asia and Africa with his theory of the state. Kokin and Papaian have argued that when Marx and Engels were writing there had been insufficient research done to reveal the internal dynamics of the Asiatic system, a dynamic which, although different from that of West European society, nonetheless existed.²²

Some of those who vehemently defended the AMP paid scant respect to historical facts. L I Mad'ier is one such historian. With the data collected during his diplomatic assignment in China during 1926-27, Mad'ier wrote a book on *The Economics of Agriculture in China* which was published in Moscow in 1928. This book became the focal point of the AMP debate thereafter. But the empirical evidence he had collected showed that feudal relations in land were strongly entrenched in China.²³ Eugene Varga who reviewed the book observed that "the contradiction between the strong theoretical emphasis on the significance of the AMP and the almost complete absence of corresponding concrete material represents the weak side of the book".²⁴ That the evidence revealed the prevalence of feudalism in China is of great historical significance. The view that is widely held at present seems to be that

the Western Zhou Dynasty (1066-771 B C) of ancient China had some similarities to AMP. But in the period of Warring States (770-220 B C) private feudal land ownership gradually replaced state land ownership. After the Qin and Han Dynasties, China had entered the feudal stage of development. However, there are other scholars who assert that China had all along been a "state of the Asiatic type" until the Opium War.²⁵

Historiographers have come across feudal features in many other Asian countries. Edmund Leach has established the prevalence of feudalism in Sri Lanka from early times.²⁶ According to Thanh Khoi, the example of ancient Vietnam contradicts certain characteristics generally attributed to the notion of AMP, particularly the absence of private property and the absence of social classes. At the same time, Vietnam does not reveal the "classical" features of feudalism, either. Over the period from the tenth to the nineteenth century there is no observable evolutionary tendency towards feudalism in this sense. On the contrary, the very opposite is true, due largely to the strengthening of the literati-official class. But whenever the monarchy was weak, the nobles did not hesitate to set themselves up as independent lords by subjugating village communities.²⁷ The case of Ottoman Empire, an Islamic order, is interesting. According to Huri Islamoglu and Caglar Keyder, the Ottoman social formation was characterised by a dominant AMP in which the control of the central authority over the production and appropriation of surplus constituted the crucial mechanism of reproduction. The articulated whole was reproduced according to the requirements of this mode, but it also incorporated forms of petty commodity production, and, of course, merchant capital. In its latter stages, the social formation contained 'feudalised' areas as well, which, however, remained subordinate to the division of labour imposed by the ruling class, concretised in the state.²⁸ Thus, a good part of Asia has shown feudal features in the course of its evolution. Indian history has also displayed feudal characteristics.

Glimpses of Indian History

A number of Indian historians have peeped into Indian history with a view to test Marxist formulations. According to R S Sharma, there are enormous variations in the nature of feudal societies. Such variations are glaring even in Europe, say, between feudalism in England and France. Feudalism has to be seen as a mode of distribution of the means of production and appropriation of surplus. In its broader aspects, therefore, feudalism is universal. 'Lord-peasant' relations constitute the core of the system. Landlords extract surplus through social, religious and political methods from a class of servile peasantry. Feudal exploitation could be by the owner, controller, enjoyer or beneficiary. Landlords enjoy superior rights over land often backed by coercive power.

R S Sharma characterises the period from about 4th-5th century

A D to the Sultanate as one of feudalism.²⁹ Generally, in the pre-Gupta period, as outlined in the *Arthashastra*, the rulers collected taxes and the priests gifts. The picture resembled that of AMP. The king maintained the administrators and warriors apart from personal retinue with the help of taxes and income from state property. Land donated to the Brahmins and Buddhist monasteries was not large. But, land grants assumed larger proportions since the 4th and 5th centuries. Donated villages virtually became private estates. Apart from usufruct rights, the donees could collect all kinds of taxes, income, etc, though they were never specified. The landlords enjoyed power of eviction or to force persons to work. Seigniorial rights to punish people guilty of 10 offences were also conferred on them. With all these powers, the landlord was in a position to interfere with the process of production as well as the personal freedom of the peasants. The Brahmin used untouchables, slaves as well as hired labour to cultivate donated land. The monasteries used share-cropping and tenancy. Feudalism was more rampant in rice-producing areas of eastern, central and southern India. Grants were also of different sizes. Multiple hierarchical rights were also evident in places.

With the establishment of the Sultanate, the pattern of property ownership began to change. Apart from Islamic ideas which regarded the ruler as the lord of the land, the initial tendency of Muslim rulers was to centralise the control over land and its revenue. Some of the local rulers and chieftains were eliminated while some others were converted into Zamindars. Many monasteries were ruined and lost their property. But, in course of time, especially under the later Mughals, hereditary Zamindars emerged, some of them with proprietary rights to sell land, evict peasants and force them to work. According to Irfan Habib, during the Mughal period, as the fountain head of all authority, the king enjoyed the right to revenue. Often he created transferable fiefs or Jagirdars through tax assignments. But when the empire collapsed, Zamindars (tax collectors) and Jagirdars enlarged their authority over the peasants and became hereditary feudal owners. The caste factor also accounted for the differentiation among the peasantry. There was class contradiction between the peasantry and the intermediary classes on the one hand, and the rent-receiving ruling class, on the other. There were many agrarian revolts which led to the breakdown of the Mughal Empire during the 17th century.³⁰ Thus feudalism seems to have pervaded the major part of pre-colonial Indian history. A reasonable hypothesis may be that the Mauryan period carries features of AMP. But over the rest of Indian history, barring a few exceptions, feudalism may be regarded as the dominant mode of production amongst the many which have existed side by side. D D Kosambi has distinguished between "feudalism from above" and "feudalism from below".³¹ R S Sharma has confirmed the prevalence of feudalism since the Gupta period upto the Sultanate period. Irfan

Habib has shown how with the decline of the Mughal Empire feudalism had reemerged. Further explorations into Indian history and the history of other civilisations in Asia, Africa and America might throw more light on the Marxist understanding of the history of mankind in general and the developing countries in particular.

- 1 K Marx and F Engels, *Pre-capitalist Socio-Economic Formations*, Moscow, Progress Publishers, 1979, p 87.
- 2 Marian Sawer, *Marxism and the Question of AMP*, The Hague, Martinus Nijhoff, 1977, p 35.
- 3 *Ibid*, p 31.
- 4 Stephen P Dunn, *The Fall and Rise of the Asiatic Mode of Production*, London, Routledge and Kegan Paul, 1982, Part I. Also see Marian Sawer, *op cit*, pp 80-90.
- 5 Marian Sawer, *op cit*, pp 91-97 Also see Stephen P Dunn, *op cit*, Part II.
- 6 Anne M Bailey and Joseph R Llobera (eds), *The Asiatic Mode of Production—Science and Politics*, London, Routledge and Kegan Paul, 1981, Part III.
- 7 *Ibid*, pp 164-167.
- 8 Marian Sawer, *op cit*, p 109.
- 9 *Ibid*, p 108.
- 10 *Ibid*, p 109.
- 11 *Ibid*, p 115.
- 12 *Ibid*, pp 126-127.
- 13 J V Stalin, *Problems of Leninism*, Moscow, Foreign Languages Publishing House, 1947, p 482.
- 14 Marian Sawer, *op cit*, pp 126-130.
- 15 *Ibid*, p 131.
- 16 *Ibid*, p 133.
- 17 Diptendra Banerji, "Marx and the Original Form of Pre-colonial India's Village Economy", Paper presented at the Marx Centenary Seminar, New Delhi, 1983, pp 13-18.
- 18 Marian Sawer, *op cit*, pp 104-106, 212-224.
- 19 *Ibid*, p 135.
- 20 *Ibid*, pp 194-196.
- 21 *Ibid*, pp 195-196.
- 22 *Ibid*, pp 94-95.
- 23 *Ibid*, pp 86-87.
- 24 *Ibid*, p 87.
- 25 Mei Zhi, "On Marx's Concept of the Asiatic Mode of Production", paper presented at the Marx Centenary Seminar, Kottayam, 1983, p 4.
- 26 Anne M Bailey and Joseph R Llobera, *op cit*, pp 207-225.
- 27 *Ibid*, pp 281-289.
- 28 *Ibid*, pp 301-316.
- 29 R S Sharma, "How Feudal was Indian Feudalism", *Social Scientist*, Vol 12, No 2, 1984, pp 16-41.
- 30 Irfan Habib, "Marx's Perception of India", *The Marxist*, Vol 1, July-September, 1983, pp 92-143.
- 31 D D Kosambi, *An Introduction to the Study of Indian History*, 2nd Revised Edition, Bombay, Popular Prakashan, 1975, Chapters 9 & 10.

Small Enterprises and the Crisis in Indian Development

THE GOVERNMENT OF INDIA claims that it has supported the development of small enterprises, both through the creation of specific organisations which provide technical and organisational aid and through financial provisions for them in the various five year plans. To understand fully the basis and accuracy of these claims, it is important to appreciate the economic and political background within which the Government's aid programmes were initiated. This will also allow us to understand the genesis of the Government's conception of small enterprises.

It is a widely held view that planning in India consists essentially of five year plans, which are in the nature of technical exercises. In fact, the planning process should correctly be seen as a much broader and as an emphatically political process.¹ The crucial aspect of the nature of planning in India lies in the concept of the capitalist economy, in which the laws of capitalist development must inevitably make themselves felt (i.e., the acceptance of private property in the means of production and the institutions based on this). It is often stated not only in government publications but in many other writings on the Indian economy and society that India has "opted" for a mixed economy, i.e., the coexistence of the private sector with the public sector.² It is not made clear by these writers, however, by whom and how this type of economy was "opted" for.

In fact, it had been shown that as early as 1940, the majority of the joint stock companies operating in India were in the hands of a few British and Indian managing agency houses.³ It was these powerful economic interests that effectively controlled the industrial economy of India. During the Second World War, Indian industrialists were able to accumulate substantial amounts of capital. This was used in the years leading up to Independence to buy out some British managing agencies. By the time of Independence, therefore, 121 identifiable large economic interests, including 69 Indian groups (later to become famous as the "Big Business Groups") controlled Rs 350 crores of paid up capital.⁴ This amounted to about 73 per cent of the total paid up capital

*Madras Institute of Development Studies, Madras.

in India at that time. Although there were, of course, many more corporate enterprises apparently independent of these powerful economic interests, their average size would not have been more than Rs 7 lakhs in terms of paid up capital.⁵

The point to be emphasised, therefore, is that while independence meant the transfer of "political" power to the Congress, it also meant the transfer of "economic" power to the big Indian industrialists and agricultural landlords.⁶ It is important to remember that while some of these industrialists had played a prominent role, directly or indirectly, in the national movement, they constituted the oligarchic bloc in planning bodies.⁷ It is thus unlikely that any other than a "mixed" pattern of economy could have been "opted" for, given the high degree of concentration of industrial assets in private hands, and the decision making power flowing from this.⁸ On the other hand, public enterprises in areas involving high risks and long gestation periods were required for the growth of enterprises controlled by large industrialists. Popular sentiment in favour of the public sector generated during pre-Independence debates was skilfully used to justify investments in such strategic industries.⁹

Encouragement to Small Enterprises

There was a socio-political as well as economic imperative for the conscious encouragement of small enterprises.

The high degree of concentration of capital in the Indian economy at the time of Independence led to a serious situation as far as the stability of the existing social order was concerned. Property distribution in India was, as figures for capital concentration show, extremely skewed, with only a minute fraction of the Indian population in ownership of industrial assets. Added to this was a situation where the country had achieved independence under the pressure of a mass national movement. Although never seriously challenging the legitimacy of institutions of private property, this had generated and disseminated democratic ideas, viewing unfavourably the existence of extreme concentrations of income and wealth.¹⁰ For the continuance and further development of the capitalist social order bequeathed by British colonialism to the leaders of the Congress—the major organised constituent of the national movement—it was essential, if not to distribute existing industrial and agricultural assets, at least to encourage the growth of numerous smaller property holders.¹¹

The economic imperative facing the planners arose from the high degree of self-employment in the economy. According to the 1951 population census, over 58 per cent of the work force engaged in industry "neither employed any one nor did they work for anyone".¹² If the mass of productive facilities already existing at the time of independence were to expand and grow, it was critical that the market for the goods which they produced should also grow. The goods produced in

industrial establishments can be broadly classified into (1) those which are consumed directly; (2) those that are used in the manufacture of other articles (intermediate goods); and (3) the capital goods on which all these articles are manufactured. It is one of the laws of the development of economy that the market for intermediate goods and capital goods must increase at a faster rate than the market for consumer goods.¹³ To generate a fast growing market for capital goods and intermediate goods, it was necessary for the planners to encourage a process of capital accumulation, leading to differentiation among the huge mass of self-employed persons.

Under the laws of capitalist competition, a small minority of these self-employed persons was to be expected to develop into a stratum of relatively small industrial entrepreneurs. The large majority would inevitably lose the little property they held, and enter the work force as wage workers. Processes in the agricultural sector similar to that of differentiation of the self-employed industrial workers described above were expected to take place simultaneously.¹⁴ Thus, both the socio-political imperative of the development of a small industrial capitalist stratum, and the economic imperative of the encouragement of small industrial enterprises pointed to the need for a set of official policy measures and institutions which would aid these processes. Both these requirements of capitalist economic development flowed out of the condition of the Indian economy at time. What is of interest in the Indian case, however, is that these requirements could be skillfully matched to the popular support for small industrialists and small enterprises which had been generated by democratic currents within the Congress itself in the pre-Independence period. Right wing and left wing elements within the Congress had debated the roles of the private and the public sectors, of large and small enterprises, and the content of post-Independence economic planning in the pre-Independence period.¹⁵

As a result of immediate post-Independence controversies, however, the plans of the left wing in the Congress for *nationalisation* of all large enterprises were diluted to measures for governmental *regulation*¹⁶ of initiation, expansion, and change of location of large industrial enterprises, the last named for the purpose of avoiding geographical concentration of industrial development. The 1951 Industrial Development and Regulation Act (IDRA) which was, and is, the chief administrative instrument of industrial planners, defined the size of the enterprise which would come under its purview, and also defined (by exclusion) enterprises which would be free of such regulations. This excluded sector came to be known officially as modern small enterprise sector.

In 1954, the office of the Development Commissioner, Small Scale Industries, was established in the Ministry of Industry in Delhi as the administrative agency responsible for planning and monitoring

programmes for the development of small enterprises. In 1955, the National Small Industries Corporation was established to look after commercial programmes (such as the supply of machinery on hire-purchase, and the development of marketing channels) for small enterprises. In the subsequent years, each of the State Governments established its own corporation to develop small enterprises, in addition to the State Financial Corporations which provided financial assistance to small and medium enterprises.

At the present time, the government defines a small enterprise as one in which the cost to the owner of the plant and machinery installed is less than Rs 20 lakhs. In fact, from 1960, the Government has been defining small enterprises solely on the basis of the value of fixed capital, and later, in plant and equipment. Ostensibly because of the rising costs of plant and machinery due to inflation, the defining limit has been raised from time to time. This definition refers to what are known as modern small enterprises which can be found on the outskirts of most large cities, or on industrial estates. In addition, there are enterprises involved in handloom weaving, khadi, and some other traditional village occupations, which should also form part of a discussion of small enterprises.

Concentration and Centralisation

The institutions for the development of small enterprises which have been described are, therefore, the results of the economic and political requirements of a capitalist development strategy based on direct administrative intervention, on the one hand, and also the reflection of the democratic currents within the nationalist movement led by big capitalists; on the other. These institutions operate within the context of an economy subject to the laws of capitalist development, and it is to the effects of these laws that we now turn.

It has earlier been pointed out that under the pressure of capitalist competition, a process of differentiation takes place amongst the mass of small producers, leading to the emergence of a small propertied stratum and a large mass of wage workers. This process of dispossession on the one hand, and of property accumulation on the other, is an intrinsic part of the process of capitalist accumulation, or *concentration*, in the early stages of capitalist development. Simultaneously with this process of concentration of individual capitals, there is another process known as *centralisation*.¹⁷ This process is commonly observed in the form of merger of pre-existing enterprises, and involves the coming together of capitals already in existence. Larger and larger pools of capital are formed very swiftly by the process of centralisation which takes place particularly rapidly during periods of economic crisis when capitalist enterprises are "rationalised" or weeded out.

The stock exchanges in the country serve as another important means of centralisation; they help to pool capital held in various forms

and even the savings of middle class sections of society, which are then utilised by the controllers of large joint stock companies.

Under the pressure of capitalist competition and the laws of concentration and centralisation, an enterprise must either grow in size continuously, or collapse sooner or later. It cannot remain stagnant in size. As the centralisation of capital increases, there is less and less room within the economy for new capitalist interests to operate. The result is that most of the small enterprises will fail to find a permanent place for themselves in the economy, and will be forced out of business sooner or later.

However, there can occasionally be short lived exceptions to this general rule. In the years following Independence, the shortage of foreign exchange led to restrictions on imports. In addition, encouraged by the brief thrust of the second five year plan strategy of self-reliant growth, many small enterprises did develop to fill in the gap left by import restrictions. Production of some articles of every day use such as kitchen utensils, cutlery, fountain pens, and plasticware began in small enterprises. Continuing demand for these products led to the growth of a certain number of these small enterprises.

Economic Logic and Crisis of Small Enterprises

Predictably, by the beginning of the third five year plan, and particularly after the economic crisis of the middle 1960s, the prospects for small enterprises have been increasingly unfavourable. Partly as a result of the inability to find "space" for new small enterprises in the economy, and partly as a result of meeting the pressure from big industrialists (which we shall discuss later), the Government has from the time of the third five year plan (1961-66) put some emphasis on the development of ancillaries amongst small enterprises.¹⁸ They were expected to survive on the basis of assured markets mainly provided by large enterprises.

The question that arises is how assured these markets really are. Broadly speaking, a small enterprise can undertake three kinds of work. It may operate purely as a subcontractor on raw materials provided by the customer; it may manufacture an item to the long or short term order of another (usually larger) enterprise; or it may manufacture the item for direct sale on the market. Generally, both the subcontracting enterprises and those making a product to the order of other enterprises are known as ancillaries. In these cases, it can be seen that the small enterprise has no separate economic existence. It merely embodies a segment of the production process which has been separated from and apparently under the control of the large enterprise. The absence of possibilities of independent existence of these ancillary units makes them subject to a variety of pressures by their large customers. Particularly at times of recession in the economy, involving a credit squeeze, the larger enterprises attempt to improve their cash flow position by

delaying payments. Cut throat competition between competing ancillaries drives the price of the goods often to the level of prime cost of production. The general existence of such conditions creates relationships of further dependence of the small entrepreneur on his big customer.

The situation is little, if at all, better for small enterprises making final products for the market. In the majority of cases, these enterprises face extreme competition from established large enterprises under the control of transnational monopolies and indigenous big business groups.¹⁹

It must be noted that there are *no* economies of large scale production to be gained (e.g., in the case of matches, toothpaste, and many other items) where the branded products of transnational and big Indian enterprises are household words. These large enterprises retain their dominant position by their control over raw material supplies, and especially by the enormous resources invested in the distribution and "marketing" networks extending even to the most remote village retailer.²⁰ It must be emphasised, therefore, that the large size of these enterprises, and the very high rates of profit which they earn, are a result of their monopolistic position, and in no sense an indication of their efficiency of operation. A fraction of these profits are passed onto the "sole" retailers in the form of high discounts, thus ensuring that competing products of small enterprises, even if they are cheaper, find few outlets.²¹

The fact that large foreign and indigenous industrial interests earn high profits by their operation, does not mean at all that they have no interest in the small enterprises field. As an unregulated sector, the small enterprises field allow them, through the development of benami ancillaries, to increase the capacity of their large enterprises beyond that licensed to them under IDRA. They are able to make use of the credit extended by the nationalised banks, under conditions where banks are eager to achieve bank lending norms to the "priority sector" of which small enterprises form a component. They can provide comfortable jobs to members of the extended families (which form the sociological core of the big business groups) and provide patronage to loyal ex-employees.²²

Thus it is clear that the issue of aid to the small entrepreneur versus aid to the small enterprise is crucial both to the continuance of the programme and for the correct identification of beneficiaries.

Struggle for Survival

This infiltration of the small enterprise programme by established interests is an expression of the clash between two forces: the oligarchic ones (desiring merely the extension of the capitalist market for the means of production through the creation of small enterprises) and the democratic ones desiring the safeguard of their income earning opportunities through the creation of small enterprises independent of

monopolistic interests.

There have been a number of situations in the past which have shown attempts by oligarchic and democratic forces to gain control of the programme. Prominent amongst the democratic currents was the appointment of the A R Bhat Committee to formulate legislation in support of the small enterprises programme.²³ The small entrepreneur members of the committee suggested that a small enterprise be defined in relationship to the size of the total capital owned by an interest in all the enterprises controlled by it. In other words, they sought to remove the phenomenon of multiple ownership of small enterprises, and by extension, the ownership of such enterprises by large industrial interests.

There was determined opposition to this from the majority of the committee drawn from the administration, and from among professional chartered accountants, both of whom represented big capitalist interests. Under the circumstances, the chairman himself (who, it must be noted, was not an entrepreneur himself, big or small) and the minority of the committee presented this suggestion in the form of a minute of dissent to the main report.

However, it is clear that the content of the legislation proposed in the main report potentially jeopardised big industrial interests. Although the report was submitted to the Government of India in 1972, it is still officially "under consideration". This incident illustrates the temporary assertion by democratic interests, expressed in the very formation of the Committee and in some of its recommendations. On the other hand, the Government's silence on the issue since 1972 shows, the long term triumph of big industrial interests.

On another occasion, the democratic forces ensured that the official definition of the relationship between an ancillary unit and its large customer made it explicitly clear that the contract between the two was to be fair to both parties.²⁴ However, this was an unrealistic expectation, given the present day circumstance. Through the expedient of refusing to acknowledge enterprises which were in fact serving as their ancillaries, the attempt of the democratic forces, though worth nothing, was sidetracked.

Finally, mention may be made of a recent move to modify IDRA in order to bring the concept of reservation of items for exclusive production by small enterprises onto a basis acceptable to the courts.²⁵ This follows a decision of the Bombay High Court which held that the administrative order reserving items could not be sustained under legal scrutiny.²⁶ These are all examples of attempts by democratic forces to strengthen the small enterprises development programme in the interest of the small entrepreneur.

On the other hand, large industrial interests have attempted by all possible means to ensure that the government programme, as an *institution*, continues to serve their long term interests. They, however,

thwart the operation of the provisions which assist small individual entrepreneurs to develop into a competing body, or a stratum independent of them. It is precisely this opposition that manifests big capitalist domination responsible for the collapse of many small enterprises.

Apart from the so-called modern small enterprises, there are two other kinds of small enterprises which require consideration. The first of these consists of enterprises in the textile industry using hand-looms and powerlooms. These enterprises which are concentrated specifically in Maharashtra and Tamil Nadu, are peculiar in that they represent production processes of a traditional nature which have been modified selectively. They are major providers of employment, particularly in Tamil Nadu and their products need to be protected from the competition of the products of the large scale integrated textile enterprises.

The second kind of small enterprises which, in general, is more of a traditional technological nature lies under the purview of the Khadi and Village Industries Commission (KVIC). In its search to generate income earning opportunities on a large scale in the rural areas, the Commission's activities are particularly important in drawing women of the Scheduled Castes into regular paid employment. Although the KVIC has managed, through its programme, to cover a negligible fraction of these sections, its scheme for the collection of indigenous seeds, for example, constitutes efforts worthy of much greater public support. Here again, the programmes are not likely to make a headway unless the activities of large foreign and indigenously owned enterprises are effectively curbed.²⁷

Conclusion

Small entrepreneurs are aware that they are in a situation in which the logic of an economy dominated by large industrial interests provides them with little room to survive, let alone grow.²⁸ In addition, they are subject to harrassment at the hands of the agencies of the government as frequently as an ordinary citizen. The link or collusion of interests between big industrialists and government agencies is at once apparent to the small entrepreneur. He can see the differential treatment accorded to big industrialists on the one hand, and to himself on the other, even when the same rules apply to both. As their very survival is at stake, the small entrepreneur stratum is vitally interested in the removal of the domination of large industrial interests as it exists today.

Specific measures such as excise reductions on the products of small enterprises and effective reservation of items for production exclusively in small enterprises, can ease the burden of the small entrepreneur. However, a crucial step is to ensure that only the deserving benefits from these concessions, that is, to weed out the real from the benami small entrepreneur.²⁹ The associations of small enterprises are

currently the hotbeds of corruption and political opportunism. However, they do form, in an embryonic manner, the vehicles of policing the small enterprises development programme generally. They may also serve as an appropriate channel for conducting a dialogue between small entrepreneurs and other sections of society fighting for democratic advance.

Without implicating them in any way, I am grateful to Kishore Thekedath, and to Meena Radhakrishnan for their comments on the formulations in an earlier draft.

- 1 This is very clearly elaborated by E M S Namboodripad in his *Indian Planning in Crisis*, Trivandrum, Chintha Publishers, 1974. See especially pp 24-25.
- 2 Shirokov, for instance, talks in non-class and mystical terms of "India's conception of industrialisation". See G K Shirokov, *Industrialisation of India*, Moscow, Progress Publishers, 1973, p 10.
- 3 Wadia and Merchant describe the situation on the basis of figures provided in Asoka Mehta's pamphlets. See P A Wadia and K T Merchant, *Our Economic Problems*, Bombay, New Book Co, 1943.
- 4 G K Shirokov, *op cit*, p 49.
- 5 The paid up capital of all joint stock companies in India was Rs 479.5 crores (number 21,853) on 31 March 1947, and Rs 569.6 crores (number 22,675) on 31 March 1948. If we take the 1947 figure and assume that each of the 121 groups controlled 50 companies on the average, then the average size of the remaining companies can be obtained by simple arithmetic. For the data see, R K Nigam and N C Chaudhuri, *The Corporate Sector in India: A Factual Presentation of Long and Short-Term Trends*, New Delhi, Government of India, Ministry of Commerce and Industry, Department of Company Law Administration, Research and Statistics Division, 1961.
- 6 Sardar Vallabhai Patel was (together with Bhulabhai Desai) specifically mentioned by G D Birla as one who was "fighting against socialism". In turn, Patel commended the first finance minister, Shanmukham Chetty, to business leaders as "one of their own". In fact, until Patel's death in 1950, both the finance and industry ministries functioned under his control.
G D Birla's commendation (in a letter to Walchand Hirachand) is quoted in R K Ray, *Industrialisation in India*, Delhi, Oxford University Press, 1979, p 326. Patel's commendation was reported in FICCI's Golden Jubilee Special Supplement to the *Times of India* (New Delhi), 23 April 1977, p 1. Patel's power was made obvious by his letters, collected and edited by Durga Das, Vol 6, Ahmedabad, Navjivan, 1972, p 536.
- 7 In all the collective efforts at planning in the pre-independence period in which industrialists were included in the planning body, the reports were either agnostic or hostile to nationalisation of existing enterprises. These efforts included setting up of the Congress' National Planning Committee (appointed in 1938), the Reconstruction Committee of the Viceroy's Executive Council (formed in 1941), the efforts of the Government of India's Planning and Development Department (established in 1944), the "Bombay" or "Tata-Birla" Plan, 1944, and the Advisory Planning Board's report, 1947. Significantly, the All India Congress Committee's Economic Programmes Committee appointed in November 1947 had no direct or indirect representation of big industrial interests. It recommended nationalisation in a forthright way, but this line of thinking (let alone action) was quickly brought to heel by the A I C C.
- 8 The degree of this power is indicated by the Government of India's apparent naivete in asking the industrialists to accept nationalisation, and then retreating to some kind of "compromise", leaving the industrialists in full control. See the

- report of the proceedings of the *Conference on Industrial Development in India*, New Delhi, Ministry of Industry and Supply, 1948.
- 9 One of Asoka Mehta's pamphlets provides a graphic illustration of the way in which pro-public sector sentiments were aroused. "The annual profits of the Tata Iron and Steel Company equal the total revenues of the Government of Bihar. And it is just one of the Tata concerns. We demand democratic control over the finances of the Government of Bihar. Shall we let the industries remain under the unchecked control of their oligarchs?" Quoted in Wadia and Merchant *op cit*, p 482. By implication any investment undertaken by the Government actually extended democratic control over the economy as a whole, and was not merely a pre-requisite for such democratic control.
 - 10 The Constitution, with all its limitations, is perhaps the best index of this. See E M S Namboodripad, "The Republican Constitution in the Struggle for Socialism", in *Selected Writings: Vol 1*, Calcutta, National Book Agency, 1982, pp 316-336.
 - 11 In 1950, the Fiscal Commission had stressed the fact that as a source of employment to "middle class" people, the social importance of small enterprises was "out of all proportion to their relative strength in the industrial sector". It went on to suggest that the Government should take special interest in their promotion and development. *Report of the Fiscal Commission 1949-50*, Volume 1, New Delhi, Government of India, 1950, p 112. With the help of a Ford Foundation assisted team, the Government of India established the Office of the Development Commissioner for Small Scale Industries (see below), and a network of related institutions in 1954. Although the programmes spoke in terms of small scale enterprises, a senior administrator closely concerned with the programme since its inception had made it clear that the concern was with small scale entrepreneurs. See the letter written by P C Alexander, then Development Commissioner (Small Scale Industries) to all Directorates of Industry and Small Industries Service Institutes, quoted in S K Goyal *et al*, *Small Scale Sector and Big Business: Studies in National Development*, Number 2, New Delhi, IIPA, 1984, p 69. In 1961 C Tylor Wood, Economic Affairs Minister in the United States Embassy in New Delhi wrote a "memorandum of conversation" to the then U S Ambassador, J K Galbraith. In it he mentioned a meeting held on 20 June 1961 in Delhi in which discussions were held with Indian officials who shared his concern that the small enterprises development programme "was one of the most effective means of helping to develop a pluralistic society and a self-reliant middle class in India". Present at the meeting were B Venkatappiah, Deputy Governor of the Reserve Bank of India, K C Mitta, Bombay Manager at the RBI, C Ensminger, Ford Foundation Representative in India, and Tylor Wood himself. (File on Assistance to the Indian Small Industries Development Organisation, Office of the Ford Foundation, New Delhi).
 - 12 For the data and definitions see, for instance, *Census, paper No. 1 of 1960: Economic Tables of Reorganised States—1951 Census*, Delhi, Registrar General of India, 1961.
 - 13 For an elaboration of this point, see V I Lenin, "The Development of Capitalism in Russia", *Collected works*, Volume III Moscow, Progress Publisher, 1960, pp 51-58.
 - 14 In this case Government policies were oriented towards the transformation of feudal landlords into capitalist landlords, and the creation of a rich peasant stratum. Thus the bulk of middle peasants and the entire poor peasants were expected to be dispossessed and enter the agricultural or industrial work force. The roots of the crisis in India development lie precisely in this strategy.
 - 15 See references given in 7, above.
 - 16 The process of reconciling "middle class radicalism" with the strategy favoured by the big industrialists was set in motion by the AICC when, following the strategy mentioned in 7 above, it constituted a committee chaired by Jawaharlal

- Nehru. This committee was supposed to work out the detailed implications flowing from the Congress Economic Programmes Committee's Report and the pronouncedly status quoist Industrial Policy Resolution of 1948.
- 17 The distinction between the processes and their interconnection is analysed in K Marx, *Capital*, Vol 1, Ch 25.
 - 18 See Government of India, Ministry of Commerce and Industry, *Report of the Working Group on Small Scale Industries: Programme of Work for the Third Five Year Plan*, New Delhi, 1960.
 - 19 The clearest expression of this is the ubiquitous infringement of the policy reserving items for exclusive production in the small scale sector by transnational and indigenous big enterprises. See S K Goyal, *et al*, *op cit*.
 - 20 A company like Hindustan Lever, for instance, has 4000 retail stockists whose turnover varies from Rs 25,000 to Rs 2 crores per annum. These stockists supply 300,000 retailers. In addition, the company has "satellite or van markets" which service remote markets, whether from "Patiala in the Punjab or Tiruvalla in Kerala": T Thomas, "Distribution of Essential Commodities", Speech at Annual General Meeting of Hindustan Lever Limited, 20 June 1975.
 - 21 Thomas offers an ingenious rationale for the marketing practices of large corporations by arguing that without the investment in sales promotion by these corporations, products would lie with retail traders longer. These costs of storage would then be passed onto the customer through higher margins. T Thomas, *op cit*. As a matter of fact, heavy advertising expenditure and extensive distribution networks serve basically as barriers to entry to competing products.
 - 22 For exhaustive documentation, see S K Goyal, *et al*, *op cit*.
 - 23 See Government of India, Ministry of Industrial Development, *Report of the Committee for Drafting Legislation for Small Scale Industries*, 1972, (Mimeo).
 - 24 In the official definition it is stated that an ancillary unit should not be "a subsidiary to or controlled by any large units in regard to the negotiations of contracts for supply of its goods to any large unit". Various guidelines to regulate the relationship between ancillary and parent unit have been specified.
 - 25 See, for example, *Economic Times* (Bombay), 14 January 1984.
 - 26 The case concerned a large scale unit, Vindhya Paper Mills *vs* Union of India, Indian Security Press and Gandhi Brothers Private Limited. Vindhya Paper Mills had been given a license to produce "speciality papers". Gandhi Brothers, who were supplying low grade stamp paper to the Security Press represented to the Ministry of Industries that the license could not be used by Vindhya Paper Mills to produce high grade stamp paper, as this was a reserved item. Justice Bharucha held that Section 29 B (1) of the IDRA could not be used to reserve items and that all orders reserving items for exclusive production would have to be withdrawn. See, *Financial Express* (Madras), 10 February 1983.
 - 27 The cases of *Balsara vs Colgate*, *Palmolive*, and many others, are well known as cases where small enterprises face extreme competition in products which are supposedly reserved for the small scale sector. However, the crux of the problem in this case, as in many others, while never possible to document, is well known even to senior officials of the Government of India. For instance, a member of the staff of Hindustan Lever told the Chief of the Small Enterprises Division in the Planning Commission that his company welcomed the efforts of the Division to set up small soap manufacturing units. For once these units had become established and "created a market" for soap, Hindustan Lever would move in, and by under-selling the small entrepreneur for some time, take over the cost free "market" for soap.
 - 28 Even brief discussions with small entrepreneurs will produce reactions such as the following by a machine tool manufacturer in Madras: "All this talk about growth is bunkum! As soon as you try to grow they (the banks and other official agencies operating as *Organisations*) try everything possible to pull you down!"

- 29 A further distinction within the group of "real" small entrepreneurs has to be made. The importance of distinguishing between the "huckster" section and the "working" section as pointed out by Lenin in the case of the peasantry has to be borne in mind. This, as Lenin warned, is a very difficult but a crucial political task. Lenin's remarks are in his "Economics and Politics in the Era of the Dictatorship of the Proletariat", *Collected Works*, Vol XXX, Progress Publishers Moscow, 1965, p 113.

NOTES

Class and Caste Differences Among the Lambadas in Andhra Pradesh

The Banjara Seva Sangh estimates that there are some 5 million Banjaras¹ in India, who are divided into 17 sub-groups in different states and are known by at least 27 different names. All of them have a common culture and a common language. The Lambada dialect is predominantly a mixture of Sanskrit, Rajasthani, Marathi, Gujarati and Hindi and bears the influence of the local language. They live in small settlements, each referred to as a *Thanda*. One peculiarity about this tribe is that unlike all other tribes which are located only in some districts or some states, the Banjaras can be found in nearly all the states of India. The Banjaras are treated as scheduled tribes in some states, scheduled caste in certain other states, denotified tribes in some states, and some sections of the Lambadas are even considered as belonging socially and economically forward classes in some states. For instance, in Andhra Pradesh, Lambadas in the Telangana region were only recently recognised as Scheduled Tribes; earlier they were recognised as Denotified Tribes.

Lambadas are of North-west Indian origin, who lived primarily by their earnings from transportation on the pack bullocks. There is evidence to show that they supplied food grains etc. to the Moghuls when they invaded the Deccan. However, there is some dispute about the nature of their Moghul connection. Whether they accompanied the Moghuls as an ordinance corps in the conquest of the Deccan, and some of them later stayed back to continue trade, or whether they were already present as traders, having come in an earlier period, and assisted the Moghuls when the latter came South. The tribe, forced by the compulsions of trade, was continuously on the move, and this probably helped to preserve its only form of wealth, cattle, from localised droughts, which are quite common even to this day. However, in the absence of concrete historical evidence the reasoning could be reversed to state that the Lambadas, to protect their cattle from drought moved in search of feed and subsequently took to trade which was initially a subsidiary means of livelihood.

The development of cheap modern means of road and rail

transportation displaced them quickly as transporters. This is bound to have affected the size of the herds of cattle which represented their wealth. This led to many Lambadas choosing alternative occupations. A great proportion chose to settle on the land and took to agriculture for a living.

There are about 7.5 lakh Lambadas in a total population of 436 lakhs in Andhra Pradesh. Approximately 25 per cent of Lambadas own land, 65 per cent are agricultural labourers and the remaining 10 per cent work as construction workers, hunters, fishermen and traders etc. The present study pertains to the Yampally Thanda, in Korutia, Taluk Karimnagar district, Andhra Pradesh, and will concentrate on those who own land and their relationship, through class and caste, with those who do not own land.

Twenty five per cent of the Lambadas own land with holding-sizes ranging from 20 *guntas* to 5 acres. Most of the land, however, is marginal, unproductive, unfertile and has not yet been included in the government's irrigation and development plans.

Land Holdings and Origin of Class Differences

The pattern of land holdings has some bearing on class difference among the Lambadas. There exist land owners and the landless. Out of the twenty-five per cent who own land, a small minority constitutes rich peasants, a slightly larger proportion belongs to the class of middle peasants, but most of the land owning Lambadas fall into the category of poor peasants.² This differentiation can be traced to the period when the Lambadas were invited by the landlords to migrate and settle on the periphery of villages. These invitations were extended to those *thandas*, the inhabitants of which were noticeably efficient, hard working and well organised. Once the Lambadas settled in these peripheral areas (always outside villages), they provided the landlords with protection against marauders and in return were given land for common use. Class differences which existed prior to migration were now brought into sharper focus: it was to the Naiks and Kharbaris that land was awarded, and though the understanding was that the land be used for the Lambada tribes as a whole, often the land was entered in the *Pahani*³ in the name of the Naik and/or Kharbari, thereby giving legitimacy to private property.

Who are the Naiks and Kharbaris? Anyone, other than Dhapdya,⁴ Dhadi,⁵ Bhat,⁶ and the Zangad,⁷ who owned livestock and land could become a Naik (both the chief of a *Thanda*) or a Kharbari (deputy to the Naik). Traditionally the duties of a Naik were to settle disputes among the Lambadas and be the intermediary between the Lambadas and the outside world, the government, the non-Lambadas or the landlords. With migration came the acquisition of land; with land came domination over the common Lambada. Domination was maintained by various means.

All members of the *thanda* worked collectively on the common land for a share of the crop.⁸ However, the Naiks and the Kharbari invariably are able to manipulate affairs by inflating costs of production, thereby taking a larger share of output for their families.

In the same way, by acting as intermediaries, the Naiks and Kharbaris, while negotiating with government agencies for loans, land irrigation facilities, land registration etc, have managed to keep the best for themselves while distributing the rest only under public pressure.

A direct misuse of Naik and Kharbari power can be discerned in their relationship with the Lambada landless and poor peasantry. If given an option, wage labourer would prefer to work for a rich peasant. The rich peasant does not work with his *jeetha*⁹ but only supervises his *jeetha* personally. The labour extracted is therefore less than that extracted by the Naiks, Kharbaris and middle peasants. The Naiks and Kharbaris demand in some exceptional cases that labourers work first for them, and then for anyone else (Lambadas or non-Lambadas). The middle peasant himself works on the land and supervises his family and *jeetha* personally. The Naiks and Kharbaris also work on their land personally, so they are in a better position to extract the maximum amount of labour from wage labourers, both Lambada and non-Lambada.

Politically, we find that the Naiks and Kharbaris are able to manipulate the *thanda* affairs to their advantage. Each Lambada *thanda* has a panchayat consisting of the Naik, Kharbari, a messenger (from the Dhadi or Bhat caste) and two others. The function of the Panchayat is to settle disputes about land, marriage, divorce, etc. Each family has to be represented at the Panchayat. Discussions take place and all opinions are taken into consideration. Ultimately, the Naiks and Kharbaris are the decision makers. The persons responsible for a Panchayat meeting being called are fined from Rs 25 to Rs 2,000 and if the fine is higher than this, or if the meeting is of an extraordinary nature, the Sadar Naik¹⁰ (the chief of all Naiks in the area) is called in. It is usual, however, that disputes are settled by the local Naik and the Kharbari, sometimes with the assistance of other *thanda* Naiks and Kharbaris. This is in the interest of all concerned. Some Naiks take bribes from both parties to the dispute to prevent it from going to the Sadar Naik and keep the penalty to the minimum as long as it remains a local issue.

The above shows that the pattern of land holdings is a factor to be considered while making attempts to highlight class differences. The Naiks and Kharbaris always own land and livestock. But the low castes, irrespective of possessions like livestock and land, cannot become Naiks, for the simple reason that they belong to a low caste or are outcastes.

Caste Differences

We shall now deal with the differences between caste and

subcastes within the Lambada community.

To begin with, the Lambadas are divided into *jatis* and *gotras*: They are endogamous within the *jati* and exogamous between *gotras*. There is a patrilineal system permitting cross-cousin marriage. Traditionally the largest debts are incurred due to 'bride price' payable in livestock, land, ornaments, etc. However, this tradition is fast changing under the influence of the wider society that they form part of; now Lambada girls pay dowry in order to get married.

There are four main *gotras* which include the Rattords with seven sub-*gotras*, the Pawars with twelve, the Chauhans with six and the Vadthyas with twenty-seven of which thirteen are *Badavath gotras*. Among these anyone choosing to be, say, tradesman or artisan, may do so, but will remain within his *gotra*, irrespective of the occupation. All *gotras* have their own origin myths, rituals and legends which are still strongly believed in. The customs of today are built on the traditions of yesteryears. The Brahmins, represented by a few sub-divisions of the Badavath, are the custodians of local legend. They perform all life cycle rites among the Lambadas. The remaining *gotras* of the Badavaths and other *gotras* are free to follow any occupation (e.g. potter, carpenter, blacksmith, barber, Dhobi, etc) but the common occupation is agriculture.

The Dhapdiya, Dhadi, Bhat and Zangad, are the low and outcastes. The Dhapdiya are considered as Harijans, (though not beef eaters). The Dadhi and Bhat are beggars and messengers; it is they who provide music for life cycle ceremonies in the area, often quite a distance away from the *thanda*. The Zangad, literally meaning 'one who is outcaste' is one without a *gotra*, and origin myth, who cannot recall his ancestors' *gotra*, and who does not know from where they have migrated, but has settled on a Lambada *thanda* for generations.

Concerning relations between *gotras*, it should be noted that the four main *gotras* interact quite freely. They marry across *gotras*, and all except the few sub-*gotra* of the Badavaths (Brahmins) interdine. These Brahmins accept cooked food only from a limited number of *gotras* who consider themselves and are considered by the community as Brahmins. They give cooked food to all, served on leaves and not from the vessels from which they themselves eat. The Rattords, Pawars, Chauhans and Badavaths, and Vadthyas will not accept cooked food from the lower caste Lambadas. Brahmins cannot marry Brahmins, because they hail from the same *gotra*. They have to get married only from other *gotras*. The lower castes marry exogamously among other lower castes only.

Economic Relations

To understand economic relations between the various Lambada socio-economic groups, the best course is to make a comparison between the Lambadas and the non-Lambadas in the area. Among the non-Lambadas, all castes (other than the Reddys, Kammas, and Velmas, the

traditional landowners) are obliged to give free labour to the landlords. In the Lambada society, the relationship between the landlords and other castes is not quite rigid. The Lambada land-owner does not expect free labour, nor does he expect the potter, carpenter, barber, goldsmith, toddy tapper, etc, to serve his interests first, and their own thereafter. The Naiks and the Kharbaris generally pay for all goods and services provided by both the non-Lambadas and the Lambadas. The (Lambada) artisans are paid by the Naiks and the Kharbaris; they do not give free labour. This is because the Lambadas are conscious of their rights, and if a Naik becomes over-demanding he will be forced to give up his Naikship and dragged to the panchayat.

The tribal (Lambada) artisans are expected to work free for the non-Lambada landlords, and the situation is the same as that of the non-Lambadas. In other words, the non-Lambada landlord extracts free labour from Lambadas, but Naiks and Kharbaris are unable to extract free labour from non-Lambadas, as the Lambadas are considered lower than non-Lambadas in the Hindu caste hierarchy.

In the case of the Dhadi, Bhat, Dhapdiya and sometimes the Zangad, these castes work practically free in the Naik and Kharbari households. A Dhadi messenger, for example, would work for four days carrying messages from one *thanda* to another to organise marriage ceremonies, death rituals, and other gatherings, yet be paid a meagre amount Rs 5 for his efforts for the entire period. Meals in all *thandas* will be free for the messenger, however. The Zangads are at the bottom of the caste hierarchy, but it should be noted that economic oppression is not the reason for this position. It is possible for the Zangads to move up in the caste hierarchy through a system of adoption. The Zangads are given the *gotra* of the family into which they are adopted.

Adoption of Outcastes into the Lambada Community

Another name for the Zangad is 'Poso Passo' (literally, 'adopted child'). In order to become a Lambada, it has been the tradition for Zangad families to spend large amounts of money for the psychological satisfaction of belonging to a community. In the event that Lambadas are hired by non-Lambadas, all Lambadas are treated alike by the non-Lambadas. The Lambadas are untouchables. The Zangad carries a dual burden as he is an untouchable for the non-Lambadas as well as for the Lambadas among whom he has lived and worked for generations. To overcome this social ostracism, and also to derive economic benefits (by being classified as a 'Scheduled Tribe'), the Zangad will save all his earnings for a single purpose—to become a Lambada. The number of Zangad families living in Lambada *thandas* varies from one *thanda* to another. It is only through further research that we will discover the exact number of Zangad families.

What follows is a description of a ceremony called Zangad *dawat* which took place on 14 May 1978 in Yempally Hamlet,

Gangunaik *thanda*, Korutla taluka, Karimnagar district in the Telangana area. Five Zangad families were making an attempt to become Lambadas. Tradition dictated that Zangads seeking acceptance by the Lambadas offer gifts in cash and kind and feed the gathering, consisting of Lambadas of their own and neighbouring *thandas*. All the Naiks and Kharbaris in that area were also invited. Where more than two families were involved, the Sadar Naik had to participate. Each Zangad family had to present two *tolas* of gold to the Sadar Naik, clothing to the Naiks recommending his case of acceptance, and pay for the expenses to and from the *thanda* for the Naiks, Kharbaris and their travelling retinues. The meal always consisted of mutton, country liquor, white toddy and sweets.

In the ceremony I personally attended in May, the following families were seeking adoption: (1) Maloth Sityanaik, aged 75, resident of Yempally for the past 50 years. He had migrated from Nalgonda district, and was without a *gotra*. His name was given to him by his adopted community, and he was a shepherd. (2) Lakevath Reddya Naik, aged 30, who had moved from *thanda* to *thanda* in search of work as jeetha. (3) The elder brother of Lakevath Reddya, aged 45 or less. Lakavath Reddya and his elder brother have remained under bondage to the Naik who sends them out when other Naiks or rich peasants are in need of extra labour to work without remuneration. The elder brother is married and has two young children, while Lakevath Reddya remains unmarried due to lack of Zangad women available for marriage. (4) Dhansingh Ajmare; aged between 45-50, is a resident of Yempally hamlet, but he had gone from *thanda* to *thanda* in his earlier years, and (5) Banoth, aged between 45-50 of Goripally village, is married and has four children.

All these people had suffered great mental strain and were victims of Lambada social discrimination. The Zangads could not take water from the common Lambada wells; in the fields Zangad women and children were verbally abused; in Lambada ceremonies they were not given 'Kavholo' (Tali) but "Plato" (given leavels). To reduce discrimination they live on the outskirts of Lambada *thandas*, often at quite a distance away.

The case of Maloth Sityanaik is typical and shall be dealt with in some detail. Sityanaik had saved every paise for the Zangad *dawat*. The Naik in Yempally, Gungunaik, had rejected Sityanaik's ten pleas to become a Lambada. Gungunaik was not satisfied with the amount of Rs 500, because it would not be enough for the Zangad *dawat*. Sityanaik then bought one acre of fallow land from a non-Lambada of the Kapu caste of that local area, but the sale has not been registered because it is *paramboke* (government land). Sityanaik, his wife and family of four sons and three daughters, settled on this land. The family now works on their land, and also go out as jeethas. The elder three sons are working for rich peasants, and the fourth son works for the landlord,

Satyanarayan Rao (Vellmadora, the largest feudal landlord in that area) who owns more than 600 acres of land according to Sitya. The jeetha terms of employment have changed over the years. Now, a jeetha is paid upto Rs 900 per annum, as loan in advance and he has to put in 18 hours labour a day, everyday for the whole year. Food is not provided. For days lost due to illness extra days have to be worked when the year is completed. The amount of loan accumulates interest and the jeetha has to make up this time by giving his labour. Leaving interest payments out of the calculations (which ranges from two to five percent per month) we find that a Jeetha can earn Rs 900 per annum, or Rs 75 per month or Rs 2.50 per day, for 18 hours of labour. Sityanaik's sons have been saving the money earned as jeetha for their Zangad's *dawat*.

The family has, over the years, survived mainly on the income earned by their womenfolk who work as daily wage earners in the fields of both Lambadas and non-Lambadas. They earn Rs 1.50 to Rs 2 per day, but in peak seasons they can earn upto Rs 4 per day. Again the wage rate depends on the employer (landlord or rich peasant) and on the particular area; but there is a prevailing rate. The women also sell cowdung and firewood in and outside the *thanda*.

It was Sityanaik who took the initiative in this Zangad's *dawat*. He mobilised the other Zangad families from their respective *thandas* to Yempally hamlet. The main purpose was to reduce costs of the Zangad *dawat*.

The Zangad's *dawat* begins early in the morning. A fire is built and around it are placed gifts for the Sadar Naik, other Naiks and for those who recommended the Zangads for membership of the Lambada community. Discussion between each Zangad and the Sadar Naik, and other Naiks then proceeds, the Naiks showing distaste for the customary gifts presented to them. If a situation arises where the gifts are inadequate (as happened to Sityanaik ten times in his lifetime), the Naiks leave the ceremony and the Zangads are back to where they started. If the gifts are found acceptable, the ceremony proceeds.

The Zangad claims that he is a Zangad, and reveals his history of migration and all his ancestors. He pledges loyalty to the Lambada community. The Zangad clearly states that once he is accepted as a Lambada, no one can refer to him or his family as Zangad again. If this is violated, a penalty of Rs 5000 is to be levied. The Sadar Naik then issues a certificate that the family concerned is now accepted by the Lambada, and the Naiks present countersign on the document as witnesses.

The Sadar Naik would recite some mantras. He would then put the gold needle into the fire and when it is hot, remove it and place it on the tip of the tongue of each member of the Zangad family. This is ritual purification. Country liquor is then served from a vessel to the Sadar Naik, and other Naiks and to the Zangads newly recruited to the Lambada. The vessel is then passed around to all the Lambadas

attending the ceremony. Near the fire is placed a large *kachola* or *tali* (plate) containing a sweet rice mixture. The Sadar Naik, the Naiks and the new Lambadas jointly partake of the mixture, stirring it with both hands and putting both hands in their mouths.

The Sadar Naik, the Naiks and every person present at the *dawat* is obliged to eat the sweet mixture as a token of acceptance of the new recruits, and, in return, they are paid Rs 25 each.

The costs involved by the five families for the *dawat* I attended, where 600 people of mainly the two districts of Karimnagar and Adilabad in the Telangana area, including one Sadar Naik and 20 Naiks, were present, are shown in the following Table.

<i>Food</i>	<i>Expenditure in Rs</i>
5 goats at Rs 120 each	600
300 kg of rice at Rs 2.20 per kg.	660
Country liquor, 300 litres at Rs 3.50/litre	1050
White Toddy 500 litres at Re 1/litre	500
Ghud: 30 kg- at Rs 1.30/kg.	39
Tea, Sugar, milk, served twice	300
Beedies	40
<i>Renting of Equipment</i>	
Petromax and Kerosene	20
Benches	10
Vessels for cooking food	50
<i>Clothing</i>	
One set of clothing for each Lambada recommending his gotra to Zangad family, costing about Rs 100 each.	500
<i>Gold</i>	
Two tolas payable by each family to the Sadar Naik at Rs 850 per tola (five families)	8,500
Travelling expenses to all Naiks, Kharbaris and their retainues at Rs 10 each.	900
Expenses of Sadar Naik	300
Token payment of Rs 10 to all Naiks in the area by each family.	300
Miscellaneous expenses for travel, messengers, cooking oil, masalas, etc, for five families (Approx.)	500
TOTAL EXPENSES	Rs 14,269
Cost per family	Rs 2,854

Formerly the amount paid per family for the *dawat* was as high as Rs 78,000. Over the years, it has gradually decreased due to pauperisation of the Zangads. On the occasion being discussed, because the cost was shared by five families, each family had to pay considerably less.

What the above reflects is the attitude of the high and low caste Lambadas. The Sadar Naik and the Naiks and Kharbaris clearly come

out as the material beneficiaries of the Zangad *dawat*. The psychological beneficiaries, however, are the Zangads, as they are no longer forced to live as untouchables among the Lambadas. While their economic status may not change, it is important to emphasise that there is a costly social mechanism by which they can become respected members of the Lambada community, even becoming Naiks or Kharbaris. We noted that this opportunity was just not available to the lower castes like the Dhapdya, Dhadi, and Bhat.

We can rightly conclude that the Lambada social system is fairly flexible and the potential for change exists. Patient, systematic and organised efforts have paid dividends. The example I will give to illustrate the unjust customs and traditions can be broken with right tactics, is from personal experience.

On 14 May 1978, at the *dawat* described above, a group of 12 people from our area, including our *thanda* Naik and Kharbari, a Naik from another *thanda*, were invited to attend the Zangads' *dawat* in Yempally.

I had successfully convinced all the members of our group that unjust traditions and customs can, and, in this case, should be broken. By the time we arrived at our destination, every single member of our group was convinced and was willing to take the initiative in convincing others.

During the *dawat*, the two Naiks, started by politely persuading the Sadar Naik and other Naiks to accept the gifts offered by the Zangads. The request was not taken seriously. The dignitaries started abusing the Zangads for inviting bad and disruptive elements to their *dawat* (referring to us). It did not take long before a quarrel started. Our group had managed to convince the Yempally Naik, a few other Naiks, the Zangads, the *thanda* people that change must be effected. The Sadar Naik and most of the Naiks were resisting change. The Zangads were caught in the middle, not wanting to antagonise either party; too much was at stake for them.

The Sadar Naik started leaving the gathering, but he was forced by other Naiks to stay on. The Zangad *dawat* became a public meeting. Openly discussed was the injustice to the Zangads present at the meeting; Maloth Sityanaik and his family's life was described in detail. After 75 years as an outcaste, for acceptance into the Lambada community, Maloth had to ask the Sadar Naik for ritual purification, and pay him in gold.¹¹ The life history of Maloth and his sons giving *jeetha* labour as well as caste and class differences were explained. We pointed out that all class and caste differences were created by men who were in the minority in order to control the majority. Customs and traditions were created with only this in mind. We said that all men are equal; cut a vein of a Naik and a Zangad and would there be a difference in the colour of the blood? By simple examples to the Naiks and all those present, we were able to make them realise that unjust customs and traditions of the Lambadas had to be examined and, where

necessary, had to be changed.

Through consensus of all those present at the *dawat*, the Sadar Naik performed the ritual purification by placing the gold in the fire and placing it on the tongue of the families, including small children, of those becoming Lambadas. But this time it was different; the Sadar Naik was not given gold. All those present had a sense of guilt and were reluctant to eat all the food prepared. In all other aspects the ceremony was traditional; those who recommended the Zangad families for inclusion into the Lambada community received their gifts, travel expenses were paid, and all the food and drink was consumed.

Since this *dawat*, Zangads of the above area were accepted as Lambadas by a simple ceremony, a dinner was given for their own *thanda*. There was no gold, no goats, no sweets, no liquor, no travel allowances. For example, Bhimla of Sirparthanda, Matpally Taluka, and Gangya, son of Golya (Golya was adopted by an original Lambada from Golla Ashanna's shepherd's family, which is named Golya) were accepted in this style in July 1982.

The rigidity of unjust customs and traditions has been challenged. The Naiks agree that they cannot get away with what they could in the past and will now have to be more responsible for the Lambadas in their own *thandas*. It is difficult to predict what further changes will be brought about among the Lambadas and what the interface of caste and class will be once the Lambadas become more conscious of their rights.

B SHYAMALA DEVI RATTORD

Lecturer in Economics, Arts & Science College, Kakatiya University, Warangal.

- 1 One derivation of the term Banjara as given by Raghavaiah Tribes in India is that it comes from Vanacharas, meaning 'wanderers in the forests'. The Banjara Seva Sangh Report, 1967, suggests that it is derived from the Sanskrit 'vanijyam', meaning 'trade'. In the Deccan the common names are 'Lambadi' (also Laman, Leban, Lamani) derived from the Sanskrit root 'lavan' meaning, 'salt' and 'Sugali' meaning 'people rearing cows'. Another interpretation of 'Sugalis' is breathers of fresh air. The estimate of Banjara population was made in 1967.
- 2 For the definition of these terms, see Mao Tse-tung, "An Investigation into the Peasant Movement in Hunan", *Selected Works*, Vol I.
- 3 The term refers to the Land Record Register.
- 4 "Dhapyda" refers to anyone who plays the drum in ritual ceremonies.
- 5 "Dhadi" refers to messengers and musical performers who narrate legends in the form of songs at life ritual ceremonies.
- 6 "Bhat" like "Dhadi" refers to messengers and musical performers.
- 7 The term "Zagand," refers to "outcastes" (i.e., other than Lambada)
- 8 These observations are based on my field trip to Gotlapalli Thanda, Veenukonda, Guntur District, which I visited in May 1976.
- 9 "Jeetha" refers to an agricultural worker whose employment is contracted for a year or two.
- 10 The institution of Sadar Naik is not universal in Andhra Pradesh.
- 11 In the words of the Sadar Naik in the Lambada dialect "sono lu ma, thonasonathi bunjhu, karthona sono" translated "I shall make gold from you and burn you with gold, and turn you to gold", i.e., make you a worthy of being called a Lambada.

Dynamics of Agrarian Relations in Sultanpur East Uttar Pradesh

The Eastern region of Uttar Pradesh remains economically backward even after three decades of planning (1951-1981). Various social scientists have emphasised on one factor or the other to trace the historical as well as contemporary causes of its backwardness. For instance, Gilbert Etienne writes: "In the West, when they talk of a Purbi (literally some one from the east U P, an inhabitant of the middle or lower Ganges) they automatically add the adjective *dhila* (sic) meaning rather unenterprising. One cannot but agree with the epithet. We are a long way from the robust northern castes."¹ Thus authors like G Etienne, Radhakamal Mukerjee and M L Darling recognised the passivity and idleness of the Rajputs and Brahmans of eastern Uttar Pradesh in contrast with the entrepreneurial spirit of Jat peasants in the western region of U P.

But, on the other hand, the British administrator, John Lawrence concluded in 1838 that it was the nature of the land rather than innate caste characteristics that appeared to determine the character of agriculture and the mental make-up of the people.² This latter fact seems to be more convincing and logical, for in western districts of U P (Meerut, Bulandshahar, etc) the Gujars were in no way less industrious peasants than the Jats. Even in the Azamgarh district of east Uttar Pradesh (previously in the Banaras region), the caste prohibition against the Brahmans handling the plough had been relaxed so far as to apply only to the actual operation of ploughing itself. The Brahmans carried out every other agricultural tasks—spading, hoeing and even yoking the bullocks to the plough.³ Similarly, in Sultanpur district (of Oudh) the settlement officer noted in 1873 that, though the Sarwaria Brahmans in the eastern part considered the touching of plough a taboo, in the western part of the same district they did not hesitate to compete with the peasant castes like Ahirs and Muraris, in growing commercial crops like poppy, opium, tobacco, etc.⁴ And this fact influenced the religious structure, for the Sarwaria Brahmans of eastern Sultanpur enjoyed religious land-grants known as *sankalp* while the Kanaujia Brahmans of the western part did not prefer this grant at all. Therefore, we make an attempt to falsify the myth of passivity and idleness by showing the existing unfavourable material conditions of production.

The Independence of India in 1947 marked several changes in the socio-economic and political structures. As we know, during the

colonial Raj the 'surplus' was appropriated from the agrarian classes by the state in the name of 'revenue'. Undoubtedly, a specific form of ownership and control of the means of production is always in correspondence with a form of appropriation of surplus labour and, therefore, it is logical to take at first the pattern of landownership in Sultanpur district of east U P. As Table I shows, during 1945-1977 the percentage of ownership of landholdings has decreased in all size-groups, except the first group (upto one acre) which shows a sharp increase from 39.90 to 60.79. Similarly, there occurred structural changes in the area held by various size-groups. The area under the first group more than doubled, from 7.77 per cent in 1945 to 17.28 per cent in 1977. The area under the second group remained constant while that under the third group increased from 18.18 per cent to 24.38 per cent. On the contrary, the area under the fourth and fifth groups decreased from 19.59 per cent to 13.29 per cent and from 9.04 per cent to 7.90 per cent, respectively. The area under the sixth group was almost constant (from 5.02 per cent to 5.38 per cent), while that under the seventh and eighth groups of large landholders drastically decreased from 14.05 per cent to 9.91 per cent and from 7.71 per cent to 3.23 per cent, respectively.

TABLE I
PATTERN OF LANDOWNERSHIP IN SULTANPUR DISTRICT (1945-1977)

Size Groups (acres)	Percentage of Landholdings		% area held		Average area per holding (acres)	
	1975	1977	1945	1977	1945	1977
Upto 1	39.90	60.79	7.77	17.28	0.58	0.50
1-3	29.60	18.63	18.64	18.63	1.87	1.76
3-5	13.82	12.79	18.18	24.38	3.90	3.34
5-8	9.23	4.01	19.59	13.29	6.29	5.82
8-10	3.01	1.67	9.04	7.90	8.90	8.31
10-12	1.35	0.88	5.02	5.38	10.96	10.71
12-25	2.59	1.08	14.05	9.91	16.10	16.17
Above 25	0.50	0.17	7.71	3.23	45.46	33.80

SOURCE: (a) U P Zamindari Abolition Committee Report (1948) pp 34-39, (b) District Economics and Statistics Office, Sultanpur, Bulletin (1981) p 9, (unpublished date).

NOTE: Due to the nature of the data available for two periods, the break-up of size-groups is not uniform.

Thus we can say that the pattern of landownership is changing. However, the situation at this stage is quite puzzling. Nevertheless, the changing pattern becomes more manifest if we reduce all the above eight size-groups into three classes: (i) upto 5 acres, (ii) 5 to 10 acres, and (iii) above 10 acres. Then we notice the following 'trend' of landownership in this district: (a) in the first class the percentage of holdings increased from about 83 to 92 and their area, too, increased from slightly more than 44 per cent to 60 per cent; (b) the percentage

of holdings under the second class decreased from 12 per cent to less than 6 per cent and their area, too, decreased from almost 29 per cent to 21 per cent; (c) the percentage of holdings under the third class drastically decreased from slightly over 4 per cent to 2 per cent and their area, too, decreased from almost 27 per cent to less than 19 per cent.

That is to say that at this stage 'class polarisation' is not pronounced in Sultanpur district. Rather, the emerging pattern indicates the process of what we call 'base-level accentuation', i.e., only the lowest group of the peasantry is swelling up both in terms of number of household holdings and the area held. However, this does not mean that the 'differentiation' within the peasantry is disappearing. In fact, there is a change in the nature and direction of differentiation, viz., big farmers are declining, and small and marginal farmers are swelling up. This pattern is due to the following salient features of Sultanpur agrarian structure in particular and that of east U P in general.

1) In the absence of the primogeniture rule of inheritance (as elsewhere in the country), the landholdings are subdivided equally among all the sons of the landholder. Thus during the period of 32 years (1945-1977) partition within the family has resulted in a sharp increase in the number of small and marginal holdings.

2) Because of ceiling laws, the rich farmers are not purchasing new lands which may put their holdings above the ceiling limit. Thus it may be assumed that the relatively small farmers are able to purchase new lands. This assumption is verified from the fact that though the percentage holdings of small farmers (3-5 acres) has decreased from 13.82 to 12.79, their area has significantly increased from 18.18 per cent in 1945 to 24.38 per cent in 1977.

3) However, a more likely explanation is that the rich farmers actually keep lands more than the ceiling limits, but under the guise of 'paper partition', gifts to relatives etc. Rajendra Singh⁵ in his study of the agrarian social structure of Basti district in east U P found the following types of transfers of land by ex-Zamindars with the objective of retaining their excess land: (a) fictitious land transfer in the name of loyal tenants or distant relatives; (b) land transfer in the name of trusts like schools, temples etc, which are often non-existent; even when they exist, their managers are usually ex-Zamindars themselves; (c) conversion of land into groves on which ceiling was not applied initially; (d) land transfer in the name of any tenant and taking loan from government or bank by mortgaging the land on behalf of such tenant; (e) fictitious partition and divorce in the family.

The fact that large landholdings are declining is also verified at the all-India level. There the top landlord class (holding more than 25 acres) has substantially declined both numerically as well as in area operated. But the decline in the landholding need not mean a decline in their actual control of assets and economic power.⁶

Since the class structure of any society involves some sort of

social relationship in terms of ownership of means of production, we are required to analyse the 'interactional' aspect of agricultural production in Sultanpur district. Table II shows that firstly, the percentage of cultivators decreased from 71.71 per cent in 1951 to 62.04 per cent in 1961 to 56.47 per cent in 1971 but increased again to 63.28 per cent in 1981. But even this percentage is far less than that in 1951. This may be because of the differences in the definitions of the term 'cultivator' at various censuses. For instance, the Census of 1951 included even the tenants in the category of cultivators. As Daniel Thorner has rightly remarked: "While the number of rent receivers is understated, the number of 'cultivating owners' is greatly inflated. In addition to genuine working owners, the class has been filled up with mock-owners (i.e., persons who are really tenants) and mock-cultivators (i.e., persons who own or enjoy high-rents-land but have given out the greater part of their holdings to tenants or cropshares)...."⁷

On the other hand, the Census of 1961 defined a cultivator as a person actually involved in ploughing, sowing and harvesting as well as persons supervising or directing the cultivation. Thus the tenants and parasite-landlords were not included in this definition: "A person who has given out his land to another person or persons for cultivation for money, kind or share of crop and who does not even supervise or direct cultivation of land will not be treated as working as cultivator. Similarly, a person working in another person's land only as a labourer and who has no right or lease or contract on land on which he works, nor is responsible for taking decisions as to which crops to sow and when or taking the risk of cultivation and is paid wages in cash, kind or share of produce (Agricultural labourer) will not be treated as

TABLE II
DISTRIBUTION OF WORKING POPULATION BY LIVELIHOOD
CLASSES IN SULTANPUR (1951-81).

<i>Census Year</i>	<i>All Workers in the District</i>	<i>% of workers to total population</i>	<i>Population dependent on agriculture %</i>	<i>Cultivators %</i>	<i>Agricultural labourers %</i>	<i>Other workers %</i>
1951	1282160	NA*	88.19	71.71	10.61	11.81
1961	586272	41.5	85.80	62.04	23.76	14.20
1971	513758	31.27	88.31	56.47	31.84	11.69
1981	587714	28.84	86.72	63.28	23.44	13.28

SOURCE: Censuses of 1951, 1961, 1971, and 1981 (Provisional).

*In 1951 Census the total population was divided into various livelihood classes without specifically giving the details of actual work-force. Then another class of 'cultivators of land wholly or mainly unowned and their dependents' numbered 75298, i.e., 5.87 per cent of total population. Actually this was the class of sharecroppers. In subsequent censuses this class is not mentioned; however, this does not mean that they actually do not exist at all.

cultivator... .⁸ Therefore, it seems logical to exclude the 1951 data for exact analysis. The percentage of cultivators has been almost the same (62.04 per cent and 63.28 per cent respectively) during 1961 to 1981.

Secondly, the percentage of the agricultural labourers has consistently increased from 10.61 per cent in 1951 to 23.76 per cent in 1961 to 31.84 per cent in 1971; but it decreased to 23.44 per cent in 1981. This recent decrease is due to the increase in the percentage of cultivators and other workers.

Thirdly, the percentage of 'other workers' (in trade, commerce, services and industrial occupation) increased from 11.81 per cent in 1951 to 14.20 per cent in 1961, but it decreased to 11.69 per cent in 1971 and again increased to 13.28 per cent in 1981. The migration of workers from rural to urban areas plays a role here.

Fourthly, the population dependent on agriculture decreased from 88.19 per cent in 1951 to 85.80 per cent in 1961 but rose to 88.31 per cent in 1971 and again slightly decreased to 86.72 in 1981. On the whole, therefore, we can say that the population dependent on agriculture has remained almost constant during the thirty years.

However, the overall occupational situation in Uttar Pradesh is quite different. There, according to the 1981 census, the percentage of cultivators is 58.02 (as against 63.88 in 1961), while the percentage of agricultural labourers is 16.32 (as against 11.30 in 1961) and that of other workers is 25.66 (as against 24.82 in 1961).⁹ Thus we find that in Sultanpur, or for that matter in the whole eastern region of U P the dependence on agriculture is far more than in the whole of the U P particularly in the western region. This is solely because of the development of secondary and tertiary sectors of economy in U P as a whole (particularly in the western region) where more than one-fourth of the total workforce is involved in industries, trade and commerce, and services (i.e., other workers). In contrast, the secondary and tertiary sectors of Sultanpur's economy have not developed and employ only a seventh of the total workforce in the district.

Fifthly, the percentage of total workforce has sharply decreased from 41.50 in 1961 to 31.27 in 1971 to 28.84 in 1981. In this district the percentage of male workers decreased from 52.3 in 1971 to 48.81 in 1981, and that of the female workers from 9.59 in 1971 to 8.25 in 1981. Similarly, the total workforce in the whole of U P declined from 30.94 per cent in 1971 to 29.13 per cent in 1981. There also the percentage of male workers declined from 52.24 to 49.61 and that of female workers from 6.71 to 6.02. But the situation is somewhat at the all-India level where the percentage of workers has not declined; rather it has increased slightly from 33.09 to 33.44 during 1971-1981. The most important change is visible from the fact that while at the all-India level the percentage of male workers decreased (though slightly) from 52.61 to 51.23, the percentage of female workers increased from 12.13 to 14.14 during 1971-1981 and this increase is more pronounced in rural India where

during this period female workers increased from 13.44 to 16.49 percent.¹⁰

Thus we have found that the percentage of landless labourers has increased sharply in Sultanpur. On the other hand, the percentage of cultivating owners has decreased. This fact clearly shows the process of 'proletarianisation' of the peasantry, for more and more small farmers are being reduced to landless labourers. As we know, this land-alienation is a salient feature of capitalism where immediate producers are transformed into wage-labourers, an historical process—which Marx termed 'primitive accumulation'—of divorcing the producer from his means of production.

But, on the other hand, we also noted that the percentage of big landholders (holding 10 acres or more) is rapidly declining. Obviously, the 'concentration' of land in the hands of few landlords is lessening. One may say that the above fact goes against the Marxist theory of 'class polarisation' under capitalism. But we can argue that this may be a temporary phenomenon because Sultanpur is passing through a 'transitory' stage from pre-capitalist to capitalist forms and material conditions like advanced irrigation and mechanisation of agriculture are not yet present to any great extent. Therefore, we call this process, during transition period, one sided 'base-level accentuation', that is, pauperisation of the lower strata without a substantial upper class of bourgeoisie.¹¹

The fact of weakness of landed bourgeoisie and dominance of small and marginal farmers explains the agricultural backwardness as well as the stagnant or very slow industrialisation in the district. And, naturally, the population dependent on agriculture remains almost the same (88 to 87 per cent) even after three decades of planning. Obviously, both internally and externally, Sultanpur's agriculture has not received any innovative momentum of development. Thus Sultanpur is one of the undeveloped districts in India where excessive burden on agriculture due to the absence of development of secondary and tertiary sectors of economy is resulting in a pauperisation of rural masses.

Therefore, in our view, there is need for introducing the following interim relief to check the unfavourable emerging patterns:

1. Such highly backward regions of east U P, Bihar etc, should be declared as 'poverty-belts' where preference should be given to the 'poor' as a class by introducing and advancing rural handicrafts. The village artisans cannot utilise their knowledge and skill in the absence of capital to invest in machinery and to adopt advanced technology.

2. Extra-agricultural production activities, both full-time and part-time, like weaving, matting, sewing etc, should be promoted both at individual and group levels, with an attempt to reduce market competition by arranging government controlled pricing, storing, buying and selling mechanisms.

3. Unfortunately, in this rice-belt the cultivation of rice is not developed. Since the soil is very favourable for rice production, new

HYVs of paddy should be popularised by increasing irrigation (which is only 52 per cent of the net sown area in Sultanpur today). This will promote the agricultural industries like rice-husking etc, which will involve more employment.

4. Since most of the landholdings are small in size, tractorisation will not be successful. Therefore, good quality bullocks would be more beneficial for agricultural purposes. Further, such machinery should also be developed which could be driven by bullocks, e.g. 'Persian wheel' (rahat) for irrigation, or fodder-cutting machine, transports (bullock-carts), etc.

5. As we know, not only Sultanpur district alone but the whole eastern region of U P is excessively flood-prone. The two primary causes of floods are rivers and waterlogging due to excess rains, and this leads to agricultural uncertainty. Obviously, this situation could be changed by constructing new dams, linking areas prone to waterlogging, to small streams and then the latter to rivers etc. As there is abundant labour in the district, this process involving 'team-labour' would generate employment as well.

RAM SUBAS

Research Scholar, Jawaharlal Nehru University, New Delhi.

- 1 Gilbert Etienne, "Studies in Indian Agriculture: The Art of the Possible", quoted in Eric Stokes, *The Peasant and the Raj*, New Delhi, Chand and Sons, (1980), p 229.
- 2 *Ibid* p 233.
- 3 See Azamgarh Settlement Report (1908), Allahabad, U P Government Press, 1908, p 16.
- 4 See Settlement Report of Land Revenue of Sultanpur District, Lucknow, Oudh Government Press, (1873), Para 420.
- 5 Rajendra Singh, "Agrarian Social Structure and Peasant Unrest: A Study of Land-Grab Movement in District Basti, East U P", *Sociological Bulletin* Vol 23, No 1, March, 1974, p 54.
- 6 For details, see G J Rama Rao, "The Role of Multinationals and Multinationals in the Development of Capitalism in Indian Agriculture", *Third World Economist*, 1982 (Annual Number), p 17.
- 7 Daniel and Alice Thorner, "*Land and Labour in India*", Bombay, Asia Publishing House, 1965, pp 148-49.
- 8 *Census of India*, 1961, Vol I Part II A (i), pp 35-36.
- 9 See censuses of 1961 and 1981 (provisional) on Uttar Pradesh.
- 10 *Census of India*, 1981, Series 1, India Paper 3 of 1981, Provisional Population (Workers and Non-workers), pp 37-42, and 85.
- 11 For details, see R Subas, "Agrarian Structure of East Uttar Pradesh: With Special Reference to Sultanpur District (1856-1981)", Unpublished M Phil dissertation, School of Social Sciences, Jawaharlal Nehru University, New Delhi, 1983.

BOOK REVIEW

FIDEL CASTRO, THE WORLD ECONOMIC AND SOCIAL CRISIS: ITS IMPACT ON THE UNDERDEVELOPED COUNTRIES, ITS SOMBER PROSPECTS AND THE NEED TO STRUGGLE IF WE ARE TO SURVIVE. (Report to the Seventh Summit Conference of Non-Aligned Countries), People's Publishing House, New Delhi, 1983 p 224, Rs 25.00

THE NEO-COLONIAL methods adopted by Imperialism to maintain its strangle-hold over the Third World countries, even after the latter have attained formal political independence, are vividly described by Fidel Castro in the book under review, which is the text of his report to the seventh non-aligned summit conference. The book has been divided into eleven chapters. The first three chapters trace the historical evolution of the world economic and social crisis and its impact on the Third World countries. The next three chapters throw light upon the functioning of the international financial system and its implications for the growth of agriculture and industry in the Third World. The remaining chapters deal with the growing role of transnational corporations (TNC) with the deteriorating social, cultural and ecological conditions in Third World countries, and with arms race, and ultimately stress the need for co-operation among underdeveloped countries.

At present, all the developed capitalist countries of the world are passing through a stage of recession. The crisis which started during the late seventies, deepened during the eighties, and, notwithstanding the current feeble recovery, is going to be with us in the foreseeable future. The average rate of growth which was 5 to 7 per cent in the seventies has declined to less than one per cent in the eighties. Unemployment which had crossed 10 per cent some time ago is still ruling at levels which are comparable to what was observed only during the great world wide depression of the thirties. Although the crisis originally effected the developed capitalist countries (DCC) it has had its repercussions on the rest of the world too, owing to the strong hold of DCCs over the world economy. The worst hit are the underdeveloped countries (UDC). On account of their very low technological level, productivity in the UDCs is very low which gives rise to a vicious circle of less surplus, less investment and lesser opportunities for employment. The burden of the oil crisis which started in 1973 is again mainly shared by the oil importing UDCs. The worsening terms of trade, rising debts, growing control by TNCs over their economies, all these have further aggravated the crisis of these countries. The big conglomerates of the United States, Western

Europe and Japan succeeded in creating their monopolies in so many commodities.

The average growth rate in OECD countries during the year 1981-82 was -0.5 per cent; and industrial production registered a decline of 3.5 per cent in the same period. The total number of unemployed persons in DCCs which was 15 million in 1974, increased to 25 million in 1981. The price index was increasing at the rate of 7.3 per cent. This combination of a decrease in production and an increase in prices which has been called *stagflation* had hitherto been considered an impossibility. The unprecedented appreciation in the U S dollar has helped the United States in maintaining its supremacy over the world financial system. The most tragic part of the scenerio is that the major burden of this crisis has been shifted to the UDCs. The prices of agricultural commodities which constitute a major part of the exports of the UDCs, showed a decline of 15.6 per cent in the period in question.

World trade which had increased at the rate of 8 per cent in the sixties, has shown an increase of mere 3.5 percent in the seventies and the growth rate futher climbed down to 1 per cent in 1981. The share of oil exporting UDCs has increased from 7.2 per cent to 16.9 per cent in the period of 1950 to 1980 but the share of oil importing UDCs has declined from 23.6 per cent to 11.6 per cent in the same period. UDCs are transacting only 20 per cent of their trade among themselves whereas 70 per cent of their trade is with the DCCs and only 5 per cent with the socialist countries. Quantitatively, DCCs were controlling 63 per cent, whereas the share of socialist countries was 8 per cent and of UDCs was 29 per cent in the total world trade in 1980. Furthermore out of this 29 per cent which was the UDCs' share, the major part was controlled by seven oil surplus countries. A large part of UDC exports consists of agricultural commodities like coffee, cocoabeans, tea, banana, rice, jute, sisal, cotton, beef, iron ore, natural rubber etc. The prices of these commodities, when deflated by the prices of mannfactured goods which constitute the main imports of the UDCs have plummeted sharply in the 1980s. About 80 per cent of the trade of the underdeveloped countries is controlled by the multinational corporations of the DCCs. The recent policies of protectionism adopted by the DCCs has further adversely affected the trade of the UDCs.

Castro shows how the international monetary and financial system is completely dominated by the DCCs and, especially by the United States. In 1944, the supremacy of the U S dollar was imposed on the rest of the world at the Bretton Woods Conference. Although the Bretton Woods system came to an end in 1971 the U S will enjoys a virtually complete monopoly now over international financial institutions like the I B R D, the I M F etc. From 1975 to 1982, the U S dollar has shown an appreciation of 14 percent vis-a-vis the currencies of other DCCs; this increase has been even more in the case of the

UDCs. The existing quota which the UDCs have now in these institutions is insufficient to meet their growing needs. Ultimately, the debts of the UDCs have increased from 90 billion dollars in 1971 to 626 billion dollars in 1982; the debt service charges amounted to 131.2 billion dollars in the latter year. Forty percent of the voting power on international financial institutions is controlled by 5 DCCs, and hence, in most of the cases the terms and conditions are dictated in a manner which further consolidates the grip of neo-colonialism. The average interest rate on the Third World loans which was 4.6 percent in 1972 has increased to 9 percent in 1982. This increasing debt service burden, while resulting in a deterioration of the conditions of the underdeveloped countries on the one hand, provides on the other hand a growing volume of funds to the DCCs for militarisation and capital exports.

The stage of agriculture in the UDCs, Castro points out, is so poor that it is unable even to meet the demands of the increasing population at its present miserable level of subsistence. In Africa the per-capita availability of food is less than what it was in 1960. About half of the production of some major crops including maize is consumed by the cattle of some of the developed countries, whereas the number of starved people in the UDCs has crossed the figure of 500 million. Till 1940, developed countries were mainly the importers of food and the UDCs were the exporters, but in 1980 the picture has been reversed; the UDCs are compelled to import 65 million tonnes of food grains in spite of the fact that 70 to 80 percent population in these countries is engaged in agriculture. Cultivable land is decreasing in the UDCs very fast, mainly due to deforestation, desertisation, soil erosion, and with the increasing pressure of the population. Productivity in these countries is very low due to the non-mechanisation of agriculture and faulty distribution of land. About 90 percent of the machinery which is required for mechanising agriculture has remained with the developed world. Transnational corporations further intensify the agricultural crisis in the UDCs by importing crucial products like timber, herbs etc, which is destabilising the ecological balance and also by creating artificial scarcity through charging higher prices.

The case of industry hardly differs from that of agriculture in the UDCs. Most of the third world countries have yet to attain that level of industrialisation which was achieved by some of the western countries a hundred years ago. There is 69 percent of the world's industrial working force concentrated in the UDCs, but they are contributing merely 9 percent of the world industrial output. Even this output is not evenly distributed, but is concentrated only in 6 or 7 UDCs and is also limited to the traditional branches of industries. The modern industries of electronics, petro-chemicals, computers etc, are far away from the UDCs. Moreover 70 per cent of the industrial output of the UDCs is owned by transnational corporations. The transfer of technology by these TNCs is so oriented as to create hurdles in the process of

industrialisation; the technology transferred is often obsolete and in any case does not accord with the particular socio-economic needs of these countries. In some cases, TNCs have also gone in for industrial deployment simply to exploit the cheap labour and raw materials, long working hours and vast markets. Fidel Castro rightly pointed out:

The industrialisation of Third World must not be the sorry by-product left by transnationals in exchange for the brutal exploitation of the underdeveloped countries' labour resources, the depletion of their natural resources and the pollution of their territories (p 134).

Brain drain from the UDCs is another major source of exploitation for the DCCs. The migration of highly skilled people in science, arts or culture to metropolitan centres is contributing in a big way to the progress of imperialist countries. According to UNCTAD, from 1960 to 1972 the total contribution made by the UDCs to the DCCs in the form of brain drain amounted to 51 billion dollars.

Castro draws attention to the crucial role being played by the TNCs in the present world set up. In 1976, these corporations were controlling 40 per cent of the world trade, 50 per cent of industrial production; their total output was 830 billion dollars and it is still continuously increasing. The number of TNCs is 11000, with 82000 subsidiaries, of which 48 per cent belong to the United States alone. During the year 1979-80 total investments of TNCs were 62615 million dollars, whereas the total profits were 139703 million dollars, which means that every dollar invested in the UDCs gave a return of 2.2 dollars. This plunder has a major role to play in keeping imperialism alive. The TNCs' sphere of operation has not remained limited to the economic field alone but has inevitably involved them in political interventions in the UDCs. The net loss created by TNCs to the underdeveloped world is around 100 billion dollars per annum.

After 1973 oil-shock, although prices were increased by the oil exporting UDCs, the DCCs also raised the prices of their manufactured goods in order to compensate for this oil price hike. There has been a slight improvement in the economic condition of the oil exporting UDCs, but there were only seven or eight UDCs with surplus oil. The Rest of the UDCs have to rely on imports to meet their needs. Again this crisis mainly benefited the DCCs because, firstly, the major oil business of these countries is controlled by their TNCs, and, secondly, 85 per cent of OPEC investment found its way to the DCCs. The price of oil which was 3.22 dollars per barrel increased to 35.2 dollars in 1981. The worst hit countries due to this oil crisis were the oil-importing UDCs.

With the growing crisis of capitalism now the imperialist powers have shifted their focus to war industries. Reaganomics is openly pleading for transferring expenditure from welfare schemes to defence

purposes. The world military expenditure has increased to 500 billion dollars in 1980 and world trade of arms has also grown phenomenally. Huge resources are wasted in these unproductive activities. For maintaining their own sovereignty, the UDCs are compelled to spend substantial parts of this GNP in acquiring arms. After the deployment of missiles in Western Europe the arms race has reached a stage where the existence of human life on this planet is threatened.

Castro thus gives an extremely well documented and elaborate account of the methods of neo-colonial exploitation by which the DCCs are transferring the burdens of their crisis on to the shoulders of the UDCs. As a result hunger, poverty, insecurity, inflation, widening gulf between rich and poor countries and growing unemployment have become some of the permanent features of the capitalist world. The rate of growth of population is 2.6 percent in the UDCs while it is 0.6 percent in the DCCs. The gap in per capita incomes is more than 40 times. If the present trends continue, it will take 40000 years to bridge this gap. 40 million people die every year in UDCs due to hunger and malnutrition. One third of the population in urban areas is living without a roof and proper sanitation facilities. In the absence of proper medical facilities, life expectancy is also low and 650 million people are suffering from chronic diseases. Literacy in UDC is only 28 per cent. Mass communication media of these countries like radio, television, news agencies etc, are also mainly dominated by the DCCs.

The imposition of military governments and the suppression of democratic movements in so many countries has become the common practice of imperialism. The infiltration in educational and religious institutions has created so many social and cultural problems in Third World countries. With the overflow of western culture, even some rich and healthy traditions in UDCs have started to vanish; all these implications however have not been dealt with in as great a detail as the economic aspects of imperialist exploitation.

The author stresses the need for forming a strong and united front against imperialism in which the Third World countries have to play a most crucial role. The most important question relates to the need for increasing co-operation within these countries in the various economic, social, cultural and political fields and for combating imperialist war-mongering. The book is an outstanding contribution towards a study of imperialism and provides a rich wealth of material, which also indicates the directions for further research.

KULWANT SINGH RANA

Research Associate, Department of Commerce
and Business Administration, H.P. University, Simla.

Left Front Government's Unprecedented Success In The Expansion Of Education And Healthy Cultural Activities

EDUCATION: The achievements of the Left Front Government in the field of education are unprecedented indeed. Recognising the priority for universal education the budget provision for education this year has been boosted upto the highest ever amount of Rs 459 crores as against Rs 129 crores in 1976-77. Anarchy in the academic world has been removed and active steps have been taken to democratise the academic atmosphere. Free education upto class XII has been introduced and text books are being distributed free of cost among students upto class V. Free distribution of tiffin among 31 lakhs of children is going on in full swing. As a result of the establishment of 8000 new primary and 2000 secondary schools, the number of students at the primary level has increased by 15 lakhs and by 18 lakhs in the secondary stage. New syllabuses and subjects at the degree and post-graduate levels are going to be introduced. Arrangements for the functioning of Vidyasagar University in Midnapur and the two Government colleges at Haldia and Salt Lake have been almost completed and 23 colleges have already been set up in backward areas.

Rabindra Vidyasagar and Bankim awards are being given every year for remarkable contributions to literature. Benefits at par with the staff of secondary schools are being extended to those of Madrasa. The number of Non Formal Education Centres has gone up to 16,600. The financial grants for the libraries in the State have increased to Rs 4.50 crores and the number of libraries has increased from 753 to 2411. The Government has accepted full financial responsibilities for regular payment of salaries in the revised scales to the teachers and the non-teaching staff of educational institutions.

CULTURE: Stemming the tide of degenerate culture, the present Government have put in best efforts for the promotion and propagation of healthy life-centric culture. Publication grants to authors, patronisation of group theatres and various cultural organisations, production of films under the direction of established and young film-makers, the building of two theatre halls, the colour film laboratory and the art film complex under construction in Calcutta speak for the Left Front Government's genuine interest in the promotion of cultural activities.

YOUTH WELFARE: The efforts of the Left Front Government despite their limited resources for promotion of youth welfare are commendable. Youth offices have been set up in 331 blocks and 4000 youths have benefited from different employment programmes involving Government investment of Rs 4.80 crores. Vocational training was imparted to 17,000 youths belonging to scheduled castes and tribes. Another achievement of the Left Front Government is the establishment of a commodious well-equipped State Youth Centre in Calcutta.

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Social Scientist

AUGUST
1984

135

Peasant Differentiation in Pre-British
Bengal □ Peasantry and Land Reform
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1

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Editorial Note

1

*Mode of Production and the Extent of Peasant
Differentiation in Pre-British Bengal*

— Biplab Dasgupta 3

*The Transformation of Agrarian Structure: The
Vietnamese Experience*

— Francois Houtart 35

NOTES

*Subsistence Tenancy in a Backward Agrarian Setting:
A Case Study of North Bihar*

— B N Verma and R R Mishra 46

*Tribal Development with Special Reference to
North-East India*

— Atul Goswami 55

The Eighth Finance Commission

— S D 61

BOOK REVIEW

Probabilities of the Quantum World

— Rajendra Prasad 64

*Articles, notes and review express the views of the authors and not necessarily of
the editors or of the Indian School Social Sciences.*

Editorial Note

THERE has been a great deal of debate among historians on the nature of the pre-colonial economy and society in India. Much of this debate has been stimulated, directly or indirectly, by Marx's writings on the subject and in particular his conceptualisation of the so-called Asiatic Mode of Production. This debate has naturally left its imprint on the pages of *Social Scientist* as well. Only in last month's issue we published an article by M J K Thavaraj on the Asiatic Mode of Production. Earlier issues have carried articles by Irfan Habib and R S Sharma among others discussing different aspects of pre-colonial society. In this tradition we publish as the lead article of the current number a paper by Biplab Dasgupta which analyses the economy of pre-colonial Bengal. Dasgupta rejects categorically the idea of a more or less undifferentiated village community and sees all attempts at unearthing the nature of ownership of land as more will-o'-the-wisp. At the same time he is critical of those who already see in the pre-colonial economy of Bengal the emergence of a class of *jotedars* as distinct from the *zamindars*. The absence or insignificance of land, labour and credit markets meant that the differentiated rural structure did not give rise to growing class polarisation until the advent of British rule. Particularly notable in his paper is the analysis of the impact of foreign trade upon the domestic industrial economy of Bengal. The points raised by Dasgupta in his wide-ranging paper deserve serious attention and would, we hope, be further discussed in the pages of this journal. Explorations into history, it hardly needs saying, are important not only for locating the precise role of colonial rule, but also for comprehending our present conjuncture.

Francois Houtart's article on the attitudes among the Vietnamese peasantry is based on information collected by him personally, underscoring the point that perceptions of the different layers of the peasantry about the functioning of the collective organisations are reflective of their respective degrees of participation in the process of decision-making in such organisations. Houtart's paper gives a glimpse of the cultural differences which still persist within the Vietnamese peasantry. He traces these differences to the different social and educational levels which obtained within the peasantry at the time of liberation and emphasises the sheer pedagogical role of a programme of land redistribution.

The three notes in this number are on very diverse themes. The note on tenancy in Bihar is interesting for drawing attention to the persistence of a phenomenon which many writers have tended to play down of late, namely, sharecropping tenancy where the lessees are landless semi-proletarian peasants. It is often argued that tenancy as a phenomenon has itself lost significance, and that even within such tenancy as exists, a new kind of tenancy where the well-to-do capitalist farmers and rich peasants lease in land from the poor and marginal peasants has come to coexist with or even overshadow the old familiar kind of tenancy. While the note does not go into the quantitative dimensions of the older kind of tenancy either in Bihar or in the particular region studied, it is of interest for revealing that this kind of tenancy prevails almost in its text book purity: oral leases, short leases, compulsory labour service, fifty-fifty product sharing despite zero contribution to costs by landlords etc.

Atul Goswami's note underlines the heterogeneity among the various tribes in India, and particularly in the North-East. It criticises the strategy of "tribal development", so-called, for using a legalistic term as defined in a constitutional schedule or a Presidential notification as a unit of analysis for a planning exercise, and draws attention to the social havoc that such "development" is creating in many instances.

Finally we publish a short piece on the Eighth Finance Commission report and its sequel, which introduces to the readers of *Social Scientist* an issue which has been much discussed in the parliament and the press recently.

BIPLAB DASGUPTA*

*Mode of Production and the Extent of Peasant
Differentiation in Pre-British Bengal*

ONE OF THE MAJOR issues of debate regarding the pre-British Bengal society is on the extent of differentiation within the ranks of the peasantry on the eve of the British take over. This is a crucial issue because it provides a benchmark for a proper assessment of the impact of the British economic and social policies on the Bengal villages. Two extreme positions can be easily identified. There are those who take the view that the pre-British Bengal conformed to the model of egalitarian village communities with communal land ownership proposed by British scholars like Henry Main or Sir Charles Metcalfe¹ and used by Karl Marx to develop his concept of the Asiatic Mode of Production.² Ramkrishna Mukherjee³ and Anupam Sen⁴ are prominent among those who hold this view. On the other side are those who believe that the economic and social life in Bengal was considerably differentiated before the war of 1757, and that there has in fact been very little structural change ever since. Ratnalekha Roy⁵ is a prominent spokeswoman of the second school. Let me add that this debate is part of a bigger debate on the degree of differentiation of the peasantry in pre-British India.⁶

In this paper we propose to examine critically these two diametrically opposite view points, and then to put forward a tentative outline of the social and economic life in pre-British Bengal in order to characterise its mode of production. At the outset, it is necessary to point to some of the serious problems our enquiry had to face. First is the problem of data. While a great deal is known about the period under the colonial rule, the data are either absent or are not available in a usable form for the pre-colonial period. Unlike the case of North India, the land and revenue records for Bengal are far from being adequate. The famous settlement of Todarmall in 1583 covered only a small part of Bengal, and even by the late seventeenth century only 1.5 per cent of the Bengal villages were measured as compared to the average of 49 per cent for the whole empire⁷ and there too the data collected were far

*Professor, Department of Economics, Calcutta University, Calcutta.

from being adequate or satisfactory.⁸ This also, incidentally, revealed that the degree of control exercised by Delhi over its empire and the success it achieved in having proper records varied inversely with the distance from Delhi. The two main accounts of the pre-British period are obtained from folklore and the descriptions of the foreign travellers as also from the reports on the early part of the British period by way of inference.

The second difficulty is related to the geographical definition of Bengal. The Bengal Subah on the eve of 1757 included areas presently covered by Bangladesh, West Bengal, Bihar and Orissa, but even taking only the West Bengal part of it into account, a good portion of it was outside the effective control of the Nawab of Bengal. It was not until 1835 that Darjeeling was annexed defeating the King of Sikkim,⁹ and not until 1865 that Jalpaiguri was similarly annexed from Bhutan.¹⁰ Cooch Bihar too was ruled independently of the Nawab, and even during the British period it was treated as a protectorate and kept outside the jurisdiction of Bengal.¹¹ On the South, Sunderban forests covered parts of a number of districts including 24 Parganas, Khulna, Jessore and Bakarganj, and there were several other 'jungal mahal' forest areas where mainly the tribals lived, in the western districts such as Midnapore, Bankura, Birbhum and Burdwan. To complicate things further, most of Midnapore and a large area of Howrah of today were considered as parts of Orissa while until 1956 Purulia was a part of Bihar. All these together probably constituted about one-third or more of the present-day West Bengal.

Thirdly, the political situation on the eve of the British take-over was far from stable, which further weakened the control of the Nawab over the territory presently known as West Bengal. There were several rebellions against the Nawab, the most important being the one led by Subha Singh, a local ruler of North Indian extraction, in 1696. He at one point captured about half of Bengal on the southern and western side, and could only be dislodged after a considerable military effort by the army of the Emperor.¹² In more recent periods, the main source of disturbance in the western districts such as Midnapore, Bankura and Burdwan were the *bargis*, the remnants of a Mahratta army.¹³ From the forties for about ten years such attacks were a regular feature of life and on several occasions they even managed to capture the entire southern part of the province.¹⁴ In the areas brought under their control they would seize crops, impose taxes and force the people to work for them. As a consequence, large scale desertion from those lands took place during this period, which seriously disrupted cultivation and the village life. The impact of these raids lasted at least until 1764 when the resident British official at Midnapore was busy persuading two Zamindars of the district to encourage the deserting peasant to return to the land and cultivate.¹⁵ The picture of the economic and social life in the villages of Bengal, as depicted below, would have to

be greatly modified in the light of these serious disruptions.

One viewpoint is that land in pre-British Bengal was communally owned and cultivated, that the society was egalitarian with very little differentiation within the peasantry, and that the village economy was largely self-reliant. These "little republics" maintained their existence in this form for hundreds of years, and continuously reproduced themselves, and were more or less unaffected by the making and breaking of the empires around them. While surplus was extracted from them by way of rent-revenue by the Zamindars, the state was virtually non-existent as far as the daily life of the villagers was concerned.¹⁶

The main proponent of this view, in the context of Bengal, is Ramkrishna Mukherjee, who holds that under this system "there was very little scope for the development of landholder-cum-sharecropper and supervisory farmer-cum-agricultural labour relationship".¹⁷ The Zamindars were in the main collectors of taxes, and when they transferred land, what they actually transferred was the right to collect revenue, while leaving the existing production structure undisturbed.¹⁸ He then approvingly quotes the fifth report of the Select Committee on the affairs of the East India Company in the British House of Commons to make the point that "the sale of land by auction, or in any other way, for realising arrears of land revenue appears to have been unusual, if not unknown in all parts of India, before its introduction by the British government into the Company's dominion".¹⁹ Mukherjee makes interesting distinction between revenue rights and rights on soil. While he concedes the former to the Zamindars and emperors, the latter was very much the property of the village community as a whole; and according to him, in the absence of private property, there could be no class of landlords.²⁰

Mukherjee's assertions are, however, not backed by factual information. Apart from the partial settlement of Todarmall with individual *rai-yats*, at least in some parts of Bengal, folklores are full of accounts which indicate that the peasants were in actual possession of individual plots whatever be the nature of ownership of land, and once in possession they could not be easily divested of it, either by the village community or by the Zamindar.²¹ The society was certainly not as undifferentiated as the above account suggests—a major element in such differentiation was caste, a point to which we will return in the latter part of the paper. Some peasants were richer than others, and some had to spend a part of their time cultivating the land owned by others in exchange for wages or a portion of the produce. In addition, as the story told by the poet Mukundaram suggests, the village money-lender—known as Poddar—was a much dreaded person, and those indebted could be punished by death;²² and the difference between the rich and the poor among the peasants was more marked in the areas which came under the impact of the towns or trade centres or were otherwise prosperous.²³

The picture was, however, far from being uniform. In some areas of North Bengal (e.g., Darjeeling and Jalpaiguri) even until the last quarter of the nineteenth century there was no measure for land, and subject to the payment of tax per head, a person could cultivate as much land as he wished, as there was plenty of land around.²⁴ In several areas (e.g., Maldah), including the tribal areas, land was communally controlled, but the actual cultivation was undertaken individually, on the plot assigned to him by the community which was subject to redistribution.²⁵ The meaning of the name 'Palia', (the dominant caste group of the area and a branch of the Rajbansi family) was 'wanderers', and they were indeed united to land, practised shifting cultivation, and would leave the land fallow for many years before returning to cultivate again.²⁶ In this situation of land-abundance, non-settled cultivation and weak territorial attachment, concepts of ownership and control made no sense. But, with increasing pressure of population on land over time, periodic redistribution became less acceptable, and those possessing a plot cultivated it continuously and passed it on to the next generation as if it were their own property.²⁷ Generally speaking, communal control declined with a decline in land-man ratio, and the tendency was for land to become increasingly a private property. The difference between the south and the north in land relation could therefore be interpreted in terms of this difference in land-man ratio.

From whatever account we have, it is clear that even in the southern part the land market was conspicuous by its absence in the rural areas (although it existed in the urban areas); land could not be purchased, although it could be obtained by way of grant from the Zamindar for services rendered.²⁸ Zamindaris were bought and sold, but these mainly referred to the right to collect revenue-rent, leaving the rights of those cultivating the land largely unaffected.²⁹ Evictions occurred rarely, if at all.³⁰

Who owned the land? Some would take the Emperor as the owner,³¹ some would say the Zamindar,³² and there are others who would vest the ownership in the *raiya*t or the village community.³³ Given the present state of the debate, and the paucity of information, no consensus is likely to emerge on this issue. In a sense, as Hamza Alavi rightly says, this is a 'red herring', because "the essence of feudal relationship lay in the capacity to deploy power", and rights were "won or realised, in the final analysis, by the exercise of force".³⁴ For this reason, more important than whether the Zamindars were the real owners of the soil or mere collectors of revenue-rent on behalf of the government, is the fact that they were the dominant elements of the rural scene in pre-British Bengal. They were responsible for the maintenance of law and order, for the maintenance of embankments with forced (beggar) labour,³⁵ and for providing *tacavi* loan to agriculturists in distress,³⁶ in addition to their duties of revenue

collection. Besides, they were permitted to impose inland custom duties, taxes, and cess of various kinds. To the extent the Zamindars were actually in control, had the power to take possession of land by force, and used, alienated and disposed of their interest in land as they pleased by way of sale, transfer, mortgage or gift subject only to a formal, often post facto, concurrence of the Emperor in the form of a *sanad*; they were indeed behaving like the owners.³⁷ This is more important for our understanding of the social reality of Bengal before the British than the obscure juridical points which are liable to diverse interpretations.

However, Zamindars came in all shapes, sizes and colours. Some were actually semi-independent princes with a long ancestry, but the vast majority of them 'mushroomed', in the words of Ratnalekha Roy, during the chaotic years between the Pathan and the Mughal rule.³⁸ In fact, Emperor Akbar's army had to fight twelve chieftains of Bengal (Baro Bhuiya) before completing his conquest of the province, and after their defeat in most cases they (and even small Zamindars) were permitted to continue with their feudal rights and privileges subject to the superior rights of the Mughal power.³⁹ And the famous 1583 settlement of Todarmall, Akbar's revenue expert, was made in Bengal with Zamindars who were described by Abul Fazal, another prominent personality in Akbar's Court, as "rich, numerous and powerful".⁴⁰ With the incorporation of Bengal into the Mughal India, the standardised bureaucratic-military system of administration based on the elite band of Jagirdar-Mansabdars was instituted, the majority of whom were of north Indian origin and were part of the imperial bureaucracy subject to transfer.⁴¹ The Subedar (Nazim) or Governorship of Bengal was a coveted position, usually reserved for a prominent member of the royal family.⁴² However this Mughal bureaucracy did not supplant the Zamindars or Rajahs, but was rather superimposed on them. Apart from these Jagirdars and princes, there were other Zamindars who were smaller in terms of the area controlled and the influence exercised. While the bigger Zamindars usually paid directly to the Governor, the smaller ones paid revenue through the *amil* who was responsible for a group of *parganas* assisted by smaller Zamindars called *chaudhuris*.⁴³ At still lower levels the revenue administration was run by *kanungos* and *patwaris*, the former being responsible for maintaining records on land, crops, customs and culture in the areas under their jurisdiction, and the latter being the village accountant who was paid by the villagers themselves to represent their interests.⁴⁴ In other words, from the look of it, a system of centralised revenue administration ran parallel to the decentralised Zamindari system of administration, particularly in the areas outside the control of the big Zamindars. Another important Mughal official was *faujdar*, who was both the military and the judicial authority in a district. However, this parallel revenue administration existed more in theory than in practice. In

most cases they were no more than adjuncts to the Zamindari system, which was by all accounts the government at the local or district level.⁴⁵

This system was greatly modified in two stages in the fifty years between the death of Emperor Aurangzeb (1707) and the accession to power by the British (1757). In the first stage, power was concentrated in the hands of Mursheed Kuli Khan, who was first the Deputy Governor (Naib Nazim or Nawab Nazim) and then the Governor of Bengal (called the Nawab), through two important measures. The first measure was aimed at curbing the powers of the Jagirdars, mainly of north Indian origin, by shifting all of them to Orissa and giving them new Jagirs in remote, inaccessible areas so that they would not pose any threat to his power. A major corollary of this decision was to convert the entire land in Bengal into *khalisa* land, that is, land whose revenue would be directly appropriated by the Emperor (through the Nawab as his *diwan*, or revenue administrator). The second measure was to introduce the *ijara* system, that is to give contract to wealthy persons for revenue collection directly from the cultivators in some areas. These *ijaradars* also eventually came to be described as Zamindars.⁴⁶

The very large Zamindars of Burdwan, Dinajpore, Rajsahi, Nadia, Birbhum, and Bishnupur, who paid their revenue directly to the Nawab, accounted for half the total revenue, and along with 9 other big Zamindars accounted for two-fifths of the total number of *parganas* (615).⁴⁷ For the rest, the revenue administration mentioned above was activated by dividing the 1,00,000 villages of Bengal into 1660 *parganas* and then dividing them into 13 *chaklas*.⁴⁸

In the second stage, after the death of Mursheed Kuli Khan in 1725, the link of the administration of Bengal with the Emperor in Delhi weakened severely. While Khan and his successor Shujauddin ran the Bengal administration more or less autonomously, they never failed to show formal allegiance to the Emperor or to make regular payments of revenue. Shujauddin's successor, Alivardi Khan, (1740-1758) even stopped paying revenue after the first instalment which was one major reason why his own successor received no support from the monarch in Delhi in his conflict with the British.⁴⁹ Within Bengal itself the administration was far from being tight, thanks to the attacks by the Mahrattas, and this provided ambitious Zamindars an opportunity to extend their areas with the help of their own militia.⁵⁰ Not only did the authority of the monarch in Delhi over Bengal weaken, within Bengal the authority of Murshidabad itself suffered a severe knock during this period, even before the British take-over.

What the above account shows is that the situation in pre-British Bengal was far more complex and fluid than suggested by the 'village community' model. There were large, medium, small and very small Zamindars. There were richer and poorer peasants. The degree of control exercised by the Zamindar, Nawab or his revenue administration

over a territory varied in terms of a host of factors. But they were the government in their areas and their activities could not but influence the economic and social life therein. In several areas, particularly in the western part, the production system was severely disrupted by rebellions and raids by the Mahrattas. Then there were differences between the north and the south, between the settled areas and the forest areas, between the tribal mode of production and that prevailing in non-tribal areas. Areas varied in terms of degrees of communal control and privatisation of rights in relation to land, as also in terms of the nature of relationship between different layers in the hierarchy of rights.

Textile—New Production Relations

So far we have avoided another highly important feature of the production system in the villages on the eve of the British take-over—the textile production and exports. There is no doubt that over a period of 150 years preceding 1757 an unprecedented amount of money entered the village economy and helped the process of monetisation. It is not clear how many, or what proportion of the Bengal villages were influenced at the time by this trade, and whether it merely affected the villages neighbouring urban centres or it penetrated deep into the countryside. But the areas it covered could not but be influenced by this development by way of the breakdown of the self-sufficient nature of the village economy based on the “unity of agriculture and industry”. The primary basis of the industry was production at the village level to meet the consumption needs of the village community, but, alongside this, one component of the industry developed to capture the luxury market patronised by the royal court in the urban centres.⁵¹ A part of the cotton textile and woollen textile production also traditionally found its way into the world market, mainly in the Persian Gulf initially and to parts of Europe through the Arab middlemen. From the early seventeenth century, after the discovery of the ocean route between Europe and India via the Cape of Good Hope, a much bigger market was opened in the countries of Europe.⁵² Trade in Indian textiles was one of the major attractions which lured the mercantile interests of Britain, Netherlands and France to India and to form East India companies chartered with royal blessings for procuring them directly.⁵³

For quality, nothing comparable to the Indian (particularly Bengal) cotton textiles was known in the world in those days, which, even after covering a great distance and incurring heavy costs in transport, handling, commission and handsome trading profit, freely competed with the best of Europe.⁵⁴ A measure of the success of the Indian textiles in the British market was the fact of growing hostility towards it on the part of the silk manufacturing interests in the latter, which eventually forced the government of Britain to impose heavy duties (50 per cent by 1757) and complete ban on some of the Indian imports

in 1700 and 1701.⁵⁵ This ban was far from being effective in curtailing Indian exports which faced no difficulty in finding new and bigger markets in other European countries.⁵⁶ Because of these textile exports, the balance of trade was always favourable to Bengal; the importing countries, unable to find comparable merchandise for sale to India, were forced to pay in bullion, at a time when the dominant mercantilist thinking in Europe was strongly opposed to bullion export.

The growth in the demand for cotton textiles in the world market during the seventeenth and the first half of the eighteenth century could not but make its impact on the organisation of production both in the villages and in the towns. The traditional pattern was for the weaver in the village to meet the local needs, while supplementing his earnings by cultivation. Like all the artisans, the weaver was a part-time farmer. Although he took part in commodity production, the main objective was to procure goods he needed for his subsistence and not to earn profit. He exchanged his products for other products, with or without the mediation of money, in most cases without, in conformity with the customary norms of exchange. Now, with the growth of exports, the traders placed demands for production which was destined for markets outside the village economy.⁵⁷

As long as such demand was small, the artisan could remain his own master, himself paying for the replenishment of the raw material and the repair or replacement of the tools, and making his own decisions. But as the scale of production expanded he probably became more exclusively absorbed in this undertaking at the cost of farming; and many new, ordinary non-weaving families also entered the occupation to match the demand. Furthermore, he also became increasingly dependent on the trader from the urban areas for capital and raw material, and the locus of the decision making power shifted away from him. This happened for a number of reasons. First, if he were to increase production substantially, he could not do so without an assurance that it would be sold outside the village; it was the trader who could give him such undertaking, and therefore the weaver had to tailor his production plan in accordance with the orders placed by the trader. Second, while low quality local raw cotton production was adequate for a small scale textile manufacturing activity geared to meet the local demand, with increased production the dependence on supplies of raw cotton from outside the village grew. And again, it was the trader through whom the supplies of raw cotton reached the village.⁵⁸ Third, the increased production also necessitated expenditure on the maintenance of the existing looms and on additional looms and other implements which the weaver was unable to meet without credit advance from the traders. Thus, a kind of 'putting out' system began to emerge, with the trader making the necessary decisions on production and investment and advancing money and raw materials, while the weaver worked at the village level in accordance with the production plan of the trader.⁵⁹

This new organisation of cotton textile production existed alongside the traditional feudal structure, but it created new ties and new production relations. The weaver, still subject to the overriding authority of the Zamindar, was now participating in a wider network of economic relationships through the trader. His production was no longer related to the immediate consumption needs of the people he knew, or to his own goal of procuring goods with use value, but was principally for exchange. His ties with the village community and Zamindar remained, but over time he became increasingly bound by the economic power of the trader. As long as the political and social power of the Zamindar over him remained unchallenged and through this the power to appropriate his surplus from this new line of production, the former had no reason to oppose the weaver's growing integration with the outside world. But this peaceful coexistence between the two parallel systems of production could not go on indefinitely, as it undermined the very basis of the feudal economic and social system. It reduced the personal dependence of the weaver on the Zamindar and provided him alternative opportunities which could not but make him less unfree, and created new allegiances and relationships which struck at the very root of the self-reliant low level equilibrium of the traditional village society. From this stage two kinds of development were possible. First, the movement of traders from the 'putting out' systems to a more direct organisation of labour in the factories. This is what happened with the industry in Europe when, with increase in the scale of operation, supervision of the work of the artisans became excessively costly and inefficient. Second, some of the artisans themselves could conceivably take the crucial jump from producing to becoming supervisors of production by others at the village level. Either of these routes could have led the economy to industrial development of the kind witnessed in Europe.

In several of the towns a factory system did emerge during this period, which employed workers and processed a variety of goods. But, unlike the factories in Europe, these were publicly owned and operated under the direct patronage of the royal courts. These factories mainly produced high quality goods for the aristocracy, but a part of their production was also meant for export.⁶⁰ Under the impetus of the export trade, these factories had the potential for further and more rapid growth, and for eventually coming under private ownership. Like the change in the organisation of textile production in the villages, this new organisation of production with hired wage labourers all working under the same roof could not but profoundly affect the production relationship in other spheres, and probably held the key to the transformation of the consumption oriented Mughal urban system into one which was orientated towards industrial production. With the export trade making textile production profitable, there was more than an even chance that a part of the vast capital amassed by the merchants, traders and moneylenders would have been eventually diverted into this sphere.

There were, however, two major obstacles. First, the control of the export trade and of the Indian Ocean, the Arab Sea and the Bay of Bengal remained firmly in foreign hands, and the Indian merchants played only a subsidiary role in this. The Indian navy was conspicuous by its absence, and there was no way the Indian merchandise could reach Europe excepting through them. However, with a more powerful government at the centre and a better understanding of the power politics of Europe, the Indian state could take a better advantage of the intense rivalries which existed among them. Secondly, even within India these foreign companies came to play an important role in the organisation of the 'putting out' system by setting up a large number of trading outposts, by employing an army of Indian agents and dealers and by advancing money to the producers through them. Here again, Indian capitalists acted as compradors, contractors and agents taking their order from the foreign trading companies and not as equal partners organising the Indian side of the trade. Neither of these two obstacles was insurmountable. What the Indian capitalists lacked was not capital, which they had in plenty, but the motivation to organise industrial production when the rate of profit from commercial and money-lending operations was quite high, and when the profit potentialities of production for foreign markets remained unexplored. With better knowledge of the intricacies of the foreign trade, it remained open for the comprador capitalists to eventually stand on their own.

But this was not the way it turned out at the end. The Indian capital involved in trade either cheerfully accepted the comprador role or was forced out of existence. The net result was that a network of Indian traders and moneylenders subservient to the East India Company grew, who came to play an increasingly important role both in the towns and in the villages affected by the textile trade. With the support of this vast army of indigenous capitalists behind them the battle of Plassey was no more than a formality for the new colonial rulers.⁶¹

To come back to the issue of differentiation of the peasantry, the development of textile production and trade on such a large scale over a long period of about 150 years must have had an important bearing on the production relations in the villages coming under its influence. The increasing monetisation, private nature of production, and link with the outside market must have been instrumental in causing differentiation to a certain extent in the areas under the influence of this trade.

Jotedar-Dominated Village Society

The issue is therefore not whether the pre-British Bengal peasant society was differentiated or not, but the extent of such differentiation. Ratnalekha Roy takes the view that it was so differentiated that the biggest among the peasants, the Jotedars, formed a separate class, and dominated the village society, while the control of the Zamindars was

mainly confined to revenue collection.

Let us examine carefully the arguments put forward by Ratnalekha Roy that the Jotedars were indeed the dominant elements in the rural scene on the eve of the British accession to power. According to her, while "the sphere of zamindari...lay in the polity rather than in the economy",⁶² it was the Jotedars who in effect functioned as the 'village landlords' or 'village oligarchs', in a sense more powerful than the Zamindars themselves as far as their own micro-localities were concerned, being in actual possession of land. While often leading peasant revolts against the Zamindars, they saw them as a means of extracting concessions out of the Zamindars rather than as attempts to upset the existing agrarian relations as such. Given their influence, the Zamindars were more than willing to come to terms with them, even when this meant that the burden of additional rent was passed on by the Jotedars to the poorer peasantry holding a lower position in the hierarchy of rights. In other words, this system, dominated, as it was, by the Jotedars, brought increasing pressure to bear on the lower *rai-yats* than would have been the case had the *rai-yats* been dealing with the Zamindars directly.⁶³

What is the evidence in support of such a dominant role of the Jotedar in the pre-British Bengal society? A close examination of Roy's book shows that the answer is "nothing". The entire analysis of Roy is based on the standard works of Colebrooke⁶⁴ and Buchanan-Hamilton⁶⁵ and the reports of district collectors from 1780s onwards; none of the references she cites was written before 1757, or refers to the pre-British period. Then how come that she, basing herself on such material, reached such a strong conclusion regarding the role of the Jotedars in the pre-British society? The answer lies not in the data she provides, but in the line of argument she follows. Her main point is that, since the records of the 1880s onwards prove the ascendance of a 'superior tenantry', and since "there is no evidence from contemporary literature or revenue sources to lend substance to the speculation that a rich peasantry class sprang up suddenly in 1760 or 1772",⁶⁶ it must be inferred that "the power of the rich tenantry had its roots much deeper in the social and economic structure of the village (in the pre-British society—BD) than is allowed by the theory which ascribed it to the crucial position in a decaying revenue-collecting hierarchy".⁶⁷ She made the same point again a few pages later, when she said that "there is no evidence to show that the Jotedar class was a formerly non-existent class which sprang into existence between 1760-1790".⁶⁸ She further added that "while a solution to the problem of their origin must await further research in the medieval history of rural Bengal, it seems likely that they had for long been a prominent element in traditional agrarian society".⁶⁹

Apart from this curious point that the very lack of reference to this class in the literature of the period between the British take-over

and the 1880s actually proves their existence before that period, she added two further arguments in support of her thesis: first, there must have been some correspondence between caste structure and land-holding;⁷⁰ and second, "the mode of production based on the relationship between the jotedar-rich farmer and adhiar-agricultural labourer which Colebrooke and Buchanan-Hamilton commented upon in 1794 and 1808 respectively was very well-established and quite widespread in their time."⁷¹ From these arguments she made another leap: "had this relationship come into existence in this short span of thirty years, it could only have been produced by a revolution on a scale, intensity and pace which would surely have attracted the attention of contemporary observers."⁷²

Let us begin the examination of her thesis with two arguments. *First*, the caste system in Bengal was not as well established as it had been in most other parts of the country. The *varna* system with its four main caste groups applied here very weakly, and only by proxy, as the two middle groups—the Kshatriyas and the Vaishyas—were virtually conspicuous by their absence. Even the Brahmins were the descendents of a very small number (five, according to some accounts) imported from North India by a Bengal king, mainly the products of inter-marriages on a wide scale with other, lower caste groups. The two other superior castes of Bengal—Baidyas and Kayasthas, the former tradittonal physicians and the latter traditional court officials and writers—are, to say the least, of dubious origin, probably products of inter-marriages of Brahmins with inferior castes,⁷³ and are in no way comparable with the superior caste groups elsewhere in India. These three together and including some of the higher trading castes accounted for 12 to 18 per cent of the population in most of the southern districts, as our calculations on the basis of the district-wise census data (which also includes the urban areas, an important qualification) for 1872 would show.⁷⁴ This figure varied widely between districts—e g, Bankura (18 per cent), Midnapore (12 per cent), Hooghly (15 per cent), Burdwan (18 per cent), and Nadia (16 per cent). On the other hand, in the northern districts their number was negligible.⁷⁵ Coming to the agricultural castes (and including the pastoral castes such as Goalas who held similar rank) their proportion was quite large in most of the southern Bengal districts—ranging between 20 per cent (Bankura) and 47 per cent (Midnapore). Adding the artisans (including weavers) to this group, their proportion would range between 43 per cent (Burdwan and Bankura) and 61 per cent (Midnapore).⁷⁶ In other words, they were a very sizeable proportion of the population, and could not therefore form a small minority of 'village oligarchs', and less so when the proportion of higher castes is also added to this total.

Second, the caste system in Bengal was far from being rigid and well-ordered. Leaving aside the Kayasthas who worked their way up to the top, the social history of Bengal is full of such vertical

movements by various caste groups. In such cases usually the main justification for their acquiring a higher caste status over time was their economic performance as a community. An interesting way this process worked was when a particular section of a caste would perform better than the rest and would eventually differentiate itself from them and claim for itself a higher social status. It was in this way that the Kaibartya community was divided up into the agriculturists (Chasi-Kaibartyas or Mahishyas) and the fishermen (Jele-Kaibartyas);⁷⁷ and those engaged in oil processing were divided up between the Telis who took up higher-status activities like trading and the Kalus, who continued with their low caste rank.⁷⁸ In addition, new groups of varying origin—tribals who were gradually becoming incorporated into the settled farming and the Hindu society, as also those coming from outside, some times with conquering forces—had to be accommodated into the caste hierarchy from time to time. Some of these groups, such as Ugra-Kshatriyas (or Aguris) or Paundra-Kshatriyas (Pods) claimed Kshatriya status but received a rank similar to that of the agricultural castes, while most others had to take their place at the very bottom.⁷⁹ It was never a clear-cut affair; the actual position was much more fluid with a great deal of upward and downward movements. While broadly the Brahmins and other superior castes had superior rights over the land as compared to those of the agricultural castes (including the Goalas and the artisans), and the latter in turn owned more land and rights than the lower castes who constituted about one-third and were mostly tribals or with more recent tribal past, it would be unwise to use caste alone as the basis to explain the emergence of an 'oligarchy', given the sheer size of the high and agricultural castes in the population.

Third, Roy's account fails to take into consideration the Muslims, who constituted a very large proportion of the population of Bengal. Although not entirely immune from caste influences, they were not socially-cum-occupationally so rigidly ordered that it would correspond to the distribution of land holdings among them. In their case, too, the argument about caste becoming so important a differentiating element as to give rise to the Jotedars would not appear convincing. It is also not clear what she means by the Muslims being the 'dominant agricultural caste' in the context of Rangpur and Dinajpur,⁸⁰ because, generally they lived apart from the Hindus, and in a Muslim *village* the dominant element could not but be Muslim. Such a description would make more sense if she was implying that in those *regions* or *districts* or *clusters* of villages Muslims were dominant over the numerous, and backward Rajbansis. But here, too, one must be careful because it is more than likely that the vast majority of the Muslims were actually converts from the Rajbanshis in that area.

Her second argument that the mode of production based on the employment of agricultural labour and *adhikars* by Jotedars was very

well established at the time of the writings by Colebrooke or Buchanan-Hamilton is even more difficult to swallow. A close examination of the works of these two authors would indeed confirm references to a section of the rich peasantry in the village society, but hardly the emphasis which Roy is keen to place on them. Besides, both of these major works were published several decades after the establishment of the British rule—almost four decades in the case of Colebrooke, and more than six decades in the case of Buchanan-Hamilton. Neither of them even ventured to discuss what they thought the land and labour relations were like before the British take-over. Yet, it is their work which forms the basis of Roy's analysis in support of this thesis.

Let us examine some of the comments of Colebrooke regarding this emerging "class of tenantry monopolising land, to relate it to the actual cultivator at an advanced rate for half the produce".⁸⁰ He mentioned that "perhaps the greatest part (of the tenanted land—BD) would be found held by tenants who do employ labourers", who stood between the Zamindars and the actual cultivators, and even cheated the latter by broken promises.⁸² They would "allow every indulgence" to the actual cultivators (whom Colebrooke describes as 'husbandsmen') in order to induce them to resume cultivation of deserted land, advance money and grant "every stipulation which was required", but as soon as the corn was ripe, they forgot every promise, and easily found pretences for annulling agreements made with simple, unsuspecting peasants, or shamelessly infringed their engagements without any pretence but their own wants.⁸³ These, plus bits like the one quoted in Roy's book where Colebrooke said that some of the 'intermediate tenantry' became revenue-farmers with the objective of reducing rent on their own land, and the resultant "unequal assessment" discouraged the peasants at large,⁸⁴ are all that one can find about this class in the authoritative account of Colebrooke, which contains a very exhaustive statement of the land and cropping systems of the time. Certainly not enough to give the impression that by 1794, that is, 37 years after Plassey and 24 years after that great watershed, the famine of 1770, this class had become so dominant in the village as to prove conclusively without any qualification, that they were indeed firmly rooted in the pre-British Bengal society. In any case, as Roy herself also confirms, Colebrooke dated the beginning of the process of cultivation by under-tenants and sharecroppers in 1760, that is, when revenue-farmers were appointed in place of the Zamindars and *amils* in order to increase the flow of revenue.⁸⁵

So much for Colebrooke. One of the richest accounts of the period in the first decade of the nineteenth century is found in Buchanan-Hamilton's study of Dinajpore, where he did notice a detailed differentiation of the peasantry. However, without meaning to deprecate the excellent work done by him under the given conditions, let me add at the very beginning that the precise figure, suggested by him for various classes

should not be taken too literally.⁸⁶ What Buchanan-Hamilton was aiming at was to provide some broad indications, and no more. Although he gave considerable amount of figures, these were not based on complete enumeration or random samples but were in the main 'guess estimates'. The fact that it is so is confirmed by his habit of giving figures in multiples of 11 and in units of thousands. This is how Buchanan-Hamilton himself described the method of collection of his data on levels of living of various classes: "In order to give the most correct view of the manner in which the people live, in respect to food, drinking and habitations, I have, by means of Sanjay, my native assistant, made out an estimate of the usual expense incurred by six families of different ranks in the town of Dinajpore."⁸⁷ Nevertheless, he was a person with a great deal of insight and encyclopaedic knowledge about the district of Dinajpore, and for this reason his observations should not be lightly dismissed on statistical grounds alone. Let us see how he differentiated the population of Dinajpore. His six-way classification of the population of Dinajpore was as follows:⁸⁸

First: The principal native officers of the government, small landholders, chief officers of the great landlords, principal proprietors of free estates, merchants and manufacturers. These were almost entirely Hindus, from outside the district who had left their wives behind.

Second: Second grade government officers (e.g., *darogas* and *munsifs*), agents of smaller Zamindars, inferior agents of the great Zamindars, petty landholders, merchants and manufacturers including sugar manufacturers. These, too, were almost entirely Hindus, and (leaving aside the sugar manufacturers) came from outside the district.

Third: Petty officers of the government and landholders, agents of great merchants of the south, petty traders and manufacturers who were natives of the district, and rich farmers, "mostly mohammedans, who are the only persons of the class that possess any real wealth".

Fourth: Cultivators and tenants, those having 3 to 4 ploughs, each plough cultivating about 5 acres, that is, 15-20 acres.

Fifth: Those having 1 to 2 ploughs, that is, 5 to 10 acres of land, as also petty shopkeepers and tradesmen.

Sixth: Sharecroppers and landless labourers.

He also added that "by far the greater part of the more affluent portion of the people in this district have come from other parts".⁸⁹ By this he also implied that most of them came after the establishment of colonial rule, and it is important to note that the officialdom held the leading position in his class analysis. Furthermore, "the greater part of the landholders are new men, who have purchased their estates within these few years, and who formerly were either merchants, manufacturers, agents of landholders, or officers of the government. The last are not numerous."⁹⁰ This again confirms that Buchanan's class analysis is mainly based on events which took place about the time of his writing, in 1808, and certainly cannot be related to happenings 60 years earlier.

The table below, giving the distribution of land among various peasant classes, reveals that the land was equally divided between the poor-needy (slightly less than four-fifths of the population) and the rest (slightly more than one-fifth of the population) but even the former owned 15-30 *bighas*, that is, 7.5-15 acres (given that in Dinajpore one acre was equal to two *bighas*). This table, too, quoted by Roy as well, should be only taken as providing broad impressionistic estimates, not as the result of a properly conducted survey or enumeration. For example, as mentioned above, the numbers of farmers in each category are multiples of 11 in the last four categories, and similarly the figures on land are all multiples of 11. Despite the able assistance received from Sanjay, who being a Hindu was not familiar with the Muslim majority of the district, according to Buchanan,⁹¹ no one, not the least the economic historians, should take these figures too seriously.

TABLE
DISTRIBUTION OF FARMERS BY FARM SIZE—DINAJPORE, 1808

Category	Acreage land in <i>bigha</i>	Number	Percentage	Total land (0,00 <i>bighas</i>)	Percentage
Principal	165	7,400	3.50	1,089	16.50
Great	75	8,000	3.79	660	10.00
Comfortable	60	11,000	5.21	660	10.00
Easy	45	19,800	9.38	891	13.50
Poor	30	55,000	26.04	1,650	25.00
Needy	15	1,10,000	52.08	1,650	25.00
Total		2,11,200	100.00	6,600	100.00

SOURCE: Buchanan, *op cit*, p 236.

In the table used by Ratnalekha Roy, she incorporates some information on "sharecroppers with no land",⁹² but, according to Buchanan, the sharecroppers usually owned 2 to 3 *bighas* (1-1.5 acres) of land,⁹³ "and employ their leisure time in cultivating land for their neighbours".⁹⁴ In addition, half the farming population, having 1 or 2 ploughs would go for sharecropping if their ploughs could not be fully used on their own land.⁹⁵ And if they produced only one crop, and hence had time on their hand for the rest of the year, "they hire themselves out as day labourers, to those who cultivate free soils, or act as porters or labourers to merchants and manufacturers of sugar and indigo".⁹⁶ This description would hardly agree with the category of "sharecroppers with no land". Again, those employing labourers were seldom the bigwigs, but were usually "middling farmers", the vast majority, having 3 to 5 ploughs, who would hire in labourers to make for the deficit of family labour, calculated on one person per plough basis.⁹⁷ Buchanan added that *krishans* or servants commonly employed in agriculture "are by no means numerous".⁹⁸

In only one place in this rather hefty book would one find a reference to Jotedars which would conform to Roy's thesis about their dominance of the village society. But here, too, a careful reading of the text would negate the very basis on which such an argument is advanced by Ratnalekha Roy.⁹⁹ Here Buchanan is talking about farmers, constituting one-sixteenth of the population, cultivating 30 to 100 acres, who "seldom labour with their own hands, but as many people as they have dependent relations, or hire two or three additional men".¹⁰⁰ And if the family labour including dependent relations, augmented by a few extra hands, would still be too small as compared to land in possession, they would employ sharecroppers for the rest of the land. There were men with vast amounts of capital who lent money and seed to sharecroppers, small farmers as also the landlords for covering marriage and other social-ceremonial expenses. But the most interesting aspect of their role was described as follows: "Whenever one of them is disgruntled, he gives up his farm, and retires with all his dependents to some other estate, where there are waste lands, which his stock enables him to clear. The village which he left is then for some years unoccupied, until the landlord can find a fugitive of the same kind, and in general must use a good deal of solicitation before he can induce the farmer with his dependents to settle."¹⁰¹ This passage shows that the prevailing land-man ratio favoured this group of farmers with capital, and plough, and a large number of dependent relations. But this was also a group with a weak territorial attachment, contrary to the image of a 'village king' with a strong local base and wielding enormous influence over the peasantry in contrast with the absentee Zamindars having no local base. They were ready to leave whenever they had disagreements with the Zamindars, rather than holding the ground and fighting to the bitter end. The passage also points to the advantage which accrued to men with capital, labour and enterprise in a situation of land abundance as it existed in the north. They had nothing in common with territorially-based rich peasants in compact, high-density South Bengal villages depicted by Roy.

In other words, while Buchanan's account of Dinajpore is interesting and comprehensive despite his somewhat indiscriminate use of figures, which points to a certain degree of differentiation of the peasantry in that district in the early part of the nineteenth century, one would be hard put to conclude from this that such stratification also characterised the society sixty years ago. Certainly, no such comment can be attributed to Buchanan-Hamilton himself. It is also questionable how far Dinajpore was a typical district of Bengal in those days. According to Abu Abdulla, it was not, since no similar information regarding the stratification of the peasantry for the comparable period is available from the records of other districts.¹⁰² But even going by the above passage of Buchanan, while their economic power can be recognised, these Jotedars looked more like Hoalodars engaged in forest clearance

from time to time than 'village kings' with strong local affiliations, who were more powerful than the Zamindars.

Going back to her argument that the absence of any information regarding the Jotedars during the three decades *after* 1757 was itself a proof of their existence *before* 1757, apart from its obvious logical weakness, it can be turned against Roy herself. It might be asked why the massive literature of the period, including the detailed accounts of district level officials as also the debate among the senior officials and advisers of the Governor General on permanent settlement completely missed this particular class,¹⁰³ why the discovery of this class had to wait for so many years until her writings, and why volumes written about the Zamindars and the *rai-yats* have been silent on the very prominent role she ascribes to Jotedars during the pre-British period. Roy is absolutely right in suggesting that a class cannot suddenly appear from the blue but she is equally wrong regarding the period of the emergence of this class. One might argue that the scattered comments and reports on this class, which began appearing from the 1880s showed that this class had begun to emerge around that time but had by no means actually emerged and been rooted in the soil for three to four decades before developing eventually into the form noticed in the middle of the nineteenth century.

Main Differentiating Factors

The main mistake of Ratnalekha Roy in an otherwise interesting and scholarly study was that she did not adequately examine the factors which might have limited the process of differentiation in the pre-British Bengal society. The important question to ask was whether it was possible for the differentiation to reach such a stage that not only would there be peasants who were richer than others but that they would constitute a separate class altogether, when the land and labour markets were undeveloped, and money played a minor role in the transactions in which the peasantry took part.¹⁰⁴ It is also questionable whether such a class of Jotedars could emerge without a section of the peasantry being entirely or nearly pushed out of the ownership of land and reduced to the state of under-tenants and labourers. We have argued elsewhere that in the case of Bengal, while sharecropping and agricultural labour were not unknown during the pre-British days, these did not constitute primary occupations of those villagers but were carried out during leisure time after work on their own land had been done.¹⁰⁵ The proportion of those performing various personal and labour services was negligible, while agrestic servitude was virtually unknown until after the great famine of 1770.¹⁰⁶

One of the major arguments of Ratnalekha Roy, mentioned above, is that if the Jotedars had not been in existence already at the time of the British take-over and had emerged since then, how could this revolutionary transformation of the village land relations go unnoticed by the

contemporary observers¹⁰⁷ We will argue that the famine of 1770, which took a toll of about six lives in every sixteen and half of agriculturists, and "whose ravages two generations failed to repair", in the words of W W Hunter, was the episodic event, which occurred "on a scale, intensity and pace" which did attract "the attention of contemporary observers", and which was in the main responsible for creating favourable conditions for the growth of this class of Jotedars. We will further argue that the grains trade mentioned by Ratnalekha Roy with reference to Dinajpore in the early part of the nineteenth century was also in the main an outcome of the British policy to take away surplus foodgrains from the villages to feed the army, the growing civilian population and the other non-agriculturists, in contrast with the traditional village norm of hoarding food for the bad seasons. But neither of these two arguments can be explored fully in this paper, and should await another paper on this subject.

What then were the main differentiating factors in the pre-British Bengal society? Some of the major ones were as follows:

i) *Secure tenures*: Some of the peasants enjoyed more secure and formally established tenancies than others. Most of these were created to reward those providing satisfactory services to the Zamindars, or to the village as a whole. These included *istimrari* (a fixed rent tenancy),¹⁰⁸ *maurusi* (a large tenancy holding which was hereditary and alienable),¹⁰⁹ *lalehtraj* (rent-free)¹¹⁰ and various *chakrani* (low rent), mainly given to servants of the Zamindar or of the village,¹¹¹ and *jote mondal* (given to the headmen for clearing forests)¹¹² tenancies. These were tenancies which took precedence over other types of tenancy, and presumably were enjoyed by somewhat more prosperous peasants.

ii) *Village headship*: The village headman was, by definition, the most prominent member of the community, but his power and authority varied widely according to the conventions and custom of an area, the nature of authority exercised by the superior landholders outside the village, and by the quality and personality of the person himself. Generally an influential and rich person himself, he was nominated by the Zamindar; but the latter usually took account of the views and consensus of the village in making his decision. The position tended to be a hereditary one by custom, but always subject to the overriding power of the Zamindar to remove him and nominate some one else.¹¹³ He was assisted in the administration of the village by *patwaris* (village accountants), *tahsildars* (collectors of revenue), *ghatwals* (those guarding the hill passes), *simanadars* (those guarding the village border), *halsanas* (those guarding the crops), and other functionaries. The exact relationship between him and these functionaries was never clearly specified, and probably varied a great deal between areas. For his services the headman was given a revenue-free land grant, supplemented by the gifts he received customarily from his co-villagers. Although some times described as the 'village king', he

was supposed to administer in consultation with the village elders and summon Panchayats whenever occasions demanded; and it was not uncommon for him to be overruled by the Panchayat. On the other hand, there always existed the possibility of the headman gradually consolidating his position and power and beginning to act like a small-scale Zamindar. This is what happened in many villages. There are also instances where the position of the headman with all its privileges and land grant was transferred at a price.¹¹⁴

iii) *Caste hierarchy*. We have noted the very broad correspondence between caste ranking and the economic and social position in the village. Generally speaking the superior castes (Brahmins, Baidyas and Kayasthas) as well as those belonging to merchant and Bania castes were economically better off than the rest. Among the rest the agricultural castes (Sadgope, Kaibartya-Mahisyas, Namasudras, Aguris and so on) as well as the artisan and pastoral castes were better off as compared to the labouring castes, the new entrants to the Hindu society and those engaged in various types of services as well as the tribal population. But given their numerical strength, constituting a sizeable proportion of the population in the village, the caste affiliation of a Sadgope or a Mahisya, while probably a necessary condition under the circumstances, could not be taken as constituting a sufficient condition to form a much smaller oligarchy of the Jotedars. It was true that in most places the Jotedars in the later years emerged from this group of agricultural castes, (while a large section of the peasantry also came from these castes); but they needed something more than the caste identity for this purpose.

iv) *Trading and moneylending activities*. This was certainly an important factor, particularly in the areas which came under the operation of textile trade, although most probably the trade was largely organised from the top by the bigger urban trading establishments, the village trader merely acting as their agent. While the conditions of the artisans improved as a result of this activity, this generally enabled many of them to dispense with agricultural activities to a great extent. Moneylending as a profession was probably as old as many of the villages, but the moneylenders were in the main non-agriculturists and as a caste held an inferior position in the social scale. Their social inferiority, lack of investment opportunities, and the risk of long distance trade when the administration was segmented among Zamindaris and the rules widely varied from one Zamindari to another, together with the fear of the feudal lord forcibly seizing their wealth came to limit their urge to accumulate and invest in productive lines. The phenomenon of enterprising agriculturist-moneylenders was yet to appear on the scene, and even if it did, it made little impact or was not widely spread. With caste norms guiding their life it would have been extraordinary for a common agriculturist to undertake the lowly profession of a moneylender.¹¹⁵

v) *Forest clearing*. This was perhaps one of the most important ladders to rise to the top of the peasantry, from the point of view of the enterprising agriculturists who were prepared to gather men, spend some money on subsistence and buying tools, and undertake this difficult operation braving the wild animals. Such forest clearing activity was not uncommon in the pre-British days, and as a reward for their services they were given recognised tenures on which they settled their own tenants.

vi) *Hard work and intelligence*. Then there were those, more hardworking or intelligent than others, who would earn more from their land, improve cultivation as much as they could with the existing technology, or by proving themselves indispensable and trustworthy to their Zamindars would earn more favours, gather more land, and more of fertile and better located land which was even more important, thereby differentiating themselves from the rest of the peasantry.

As the above account shows, while these differentiating elements did manage to produce inequality in the rural society of the time, there were clear limits to the extent to which such differentiation could be taken.¹¹⁶ The main constraint was that imposed by a lack of market in land or labour. Without this, land could not be concentrated and labour could not be exploited to appropriate surplus product beyond a point. This was the way things were until the British conquest in 1757.

Mode of Production in Pre-British Bengal

Basing on the foregoing discussion, and adding a few extra points here and there, let us now attempt to sketch tentatively the pre-British Bengal society with a view to identifying its main mode of production.

1. Land market was conspicuous by its absence, excepting in urban areas. It was not possible to buy a piece of land, although it could be obtained from the Zamindar for the services rendered, or by way of forest clearance with the blessings of the Zamindar.¹¹⁷ Transfer of Zamindari implied transfer of revenue-collection rights which left the conditions of production undisturbed. Cultivation was the common activity of practically all the persons in the village, irrespective of what else a person was doing. Except in some of the northern and western areas and in the jungle *mahals* and tribal areas, land was not communally owned or cultivated, but was held in private possession. At the same time, exchange labour between neighbours and mobitisation of communal labour for undertaking irrigation work were not unknown, and a part of the village land consisting of forests, fallow and grazing area was indeed communally owned. Some of the peasants were richer than others, but the differentiation among the peasantry had not reached at a level where a separate class of Jotedars would be formed, or a class of landless would emerge. While sharecropping was known, particularly for cultivating the *khalisa* land and the land of the upper castes, those cultivating were not sharecroppers but mainly

self-employed cultivators working part-time on others' land. Agricultural labourers were negligible in number, and landlessness was rare.

2 Like land, labour market too was conspicuous by its absence. The basis for the social division of labour was mainly the caste system; a person's job in the village was ordained by his caste in which he was born. The level of migration, outward or inward, was low, excepting for compulsions of war, drought or flood and for pilgrimage or some trading. No one was prepared to offer his labour power to buyers outside the framework of the caste system where his remunerations and conditions of work were guided by custom; nor would there be any taker outside such customary norms. However, during the troubled years preceding the British conquest a considerable amount of migration took place under the threat of the Mahratta *bargi* armies; and some times demobilised soldiers from outside the province or region would be accommodated as 'Pykast *raiyyots*'. Another type of migration from the semi-arid tribal homes in adjoining districts of Bihar during drought years continuously added to the lower rungs of the caste system and the migrants were given low level jobs. Those belonging to the labouring castes generally came from this category of population with a more recent tribal past. While slavery was not unknown, it was mainly confined to the upper class households in urban areas, for domestic use. Agrestic slavery, although present in Bihar, Assam and some parts of eastern Bengal, was largely absent in the western part.¹¹⁸ Actually agrestic slavery spread significantly only after the famine of 1770.¹¹⁹

3. The social division of labour mainly involved non-agricultural activities, since, as noted already, agriculture was the common occupation of every one in the village, large or small. Such activities were of three types corresponding to the three groups: officials, artisans and those performing various services. The officials included the village accountant, land revenue officials, guards protecting the crop or the village border, the headman, the priest, and so on. The artisans performed a large variety of jobs from weaving to blacksmithing, as specified by their caste. Even a quick reading of the list of castes would impress any one regarding the variety of tasks they performed.¹²⁰ Then there were those offering various types of services such as barbers, washermen, sweepers, tailors, and so on. Not all the villages could possibly afford the full complement of these occupations; most probably only the bigger villages did, while the smaller villages shared such services. The remuneration was most probably given collectively once upon a time, but long before the British took over it had been personalised, the functionaries getting paid directly by those for whom the services were rendered. Most probably the payment was made in lump, in kind, at the time of harvesting, and not for each transaction separately—but there could be a great deal of variation among the villages in the manner of paying remuneration.

4. This 'unity of agriculture and industry' was the cornerstone

of the self-sufficient nature of the village economy. The villagers produced mainly for consumption, excepting that a part of the production was paid as rent to the landlord and as interest to the moneylender; but there was very little production for exchange. The village industry was sheltered by the localised nature of its demand, and the lack of competition from products produced elsewhere. Bad road conditions, particularly during the monsoon, reduced communication and trade to a minimum, in spite of the fact that agriculture was quite prosperous. Famines were almost unheard of,¹²¹ and production was plentiful,¹²² as the very low prices of the Bengal products in the national market would indicate.¹²³ Generally speaking, there was not much of compulsion on the part of the farmer to produce for the market, nor were there many opportunities for doing so. The imports from outside the village-universe were, in the main, salt, minerals and luxuries which were not produced in the village, while the exports were mainly in the form of grain taken out for paying rent-revenue.

5. The credit market was existent, but played only a limited role. One of the leading elements in this was the Zamindar himself whose traditional job it was to extend credit to farmers in distress, mostly consumption loan in the months preceding the harvest or seed loan to get the cultivation going. This loan carried a very low rate of interest, because usury was not a caste-ascribed activity of the Zamindar, unless he belonged to a moneylending caste.¹²⁴ The economic rationale behind such lending was to keep the production going, which was very much in the interest of the Zemindar himself. Cultivation was of as much importance to him as to the cultivator himself, for the revenue-rent it brought. While appropriating a large part of the surplus himself, the Zamindar had to ensure that the conditions of production were continually reproduced. He played a particularly important role during the droughts, by providing food to the hungry, again very much in his own interest. The credit activity was, to him, a major instrument of control over labour power. Then there were the moneylenders, who had been an integral part of the rural scene from time immemorial. Folk literature of the sixteenth century Bengal contains several references to the extortions by the moneylenders and how they cheated and terrorised the poor peasantry.¹²⁵ Unlike the Zamindars, to the moneylender interest income was the *sine qua non* of his operations; and he also was concerned with the trading activities at the rural end. It was through him that the agricultural surplus was converted into revenue in cash and reached the town.¹²⁶ The third source of credit was the traders, mostly traders in textiles who engaged weavers against an advance and then collected the garments for sale in the towns.¹²⁷ However, moneylending was not considered an honourable occupation, and the relevant castes, unlike the Vaishyas in North India who were placed after the Brahmins and the Kshatriyas, occupied a low position in the caste hierarchy. Even though they were richer than most of the

villagers, as we have already noted, they took care to hide their wealth lest this be seized by the capricious Zamindars.¹²⁸ As long as the latter held political power there were limitations to what could be done with the money thus acquired.

6. Apart from the textile trade, it is not clear how widespread the trading activities were in the pre-British rural Bengal. There is no doubt that the surplus extracted from the countryside as rent-revenue eventually reached the urban centres, but no clear picture is available as to the amount or the route it followed. The amount was surely substantial, at least between one quarter and half, less during the years of harvest failure and more during the better years. Even taking the lower figure into account, the surplus was large enough to sustain a considerable trading activity, as it was divided among the parasitic classes, mostly living in the towns. Accounts of the Mughal period refer to extensive trade links of Bengal with the rest of the country, by way of the river Ganga or the coastline.¹²⁹ The tales of big merchants sailing along the river in huge boats laden with merchandise are very much part of the folklore in Bengal, but from these accounts it is not easy to infer to what extent such trading activities were confined to a handful of ports and urban centres and how far it actually touched the life of the common people in the villages.¹³⁰ There is no doubt that trading activities were quite developed in the major towns and ports and in fact that was the mainstay of their economy. The house of Jagat Seth, the banker of the Nawab in Murshidabad, was one of a significant groups of large trading families, mostly coming from outside the province and belonging to the Vaishya or moneylending caste, which played a prominent role in the royal courts and in various intrigues of the time.¹³¹

7. The main links between the towns and the villages were as follows: *First*, as the consumer of the surplus produced in the countryside (net of the amount which was delivered to the Emperor); *secondly*, as the nexus of the trading activities which supplied far-flung villages with their deficits and took off their surpluses; *thirdly*, as the provider of petty trading opportunities and jobs in the bureaucracy and army to the people who came from the villages. Among the cities, Murshidabad and Dacca were, by all accounts, comparable to any contemporary city in Europe in size and prosperity, and several other trading centres, such as Hooghly and Cossimbazar, were also quite prominent. Much about these urban centres is known from the accounts of the travellers who came from outside, though one must discount for their usual exaggerations and impressionistic views. A Venetian traveller in 1505, Varthema, described the 'city of Banghella' as one of the finest cities he had hitherto seen which abounded in grain of every kind, sugar, and cotton, and was the best place in the world to live in. In it he met the richest merchants he had ever met.¹³² Brabarossa, a Portuguese traveller in 1514, also talked of the Kingdom of Bangala in which there were many towns

both in the interior and on the sea coast, where he found many nationalities from different parts of the world. He also talked about the great merchants and their large ships which carried a very considerable cargo to Coromandel, Malabar, Cambay, Pegu, Sumatra, Sri Lanka and Malacca, laden with cotton textiles, sugar, pepper, and ginger among others.¹³³ The city they were referring to is not easy to identify, although it could be Chattogram (now in Bangladesh) or Saptagram (Satgaon).¹³⁴ The latter was the main port of Bengal until the river became silted in the late sixteenth century, from where every year 30 to 35 boats sailed laden with many items of export.¹³⁵ After its decay, Hooghly, on the bank of river Ganga established in 1538 by the Portuguese, became the main port, where most foreign companies—Portuguese, Dutch, French and British in particular—had their offices and business.¹³⁶ Further up the river Ganga, the main centre of export was Cossimbazar, close to Murshidabad, which specialised in silk trade and where again most of the foreign companies had their offices.¹³⁷ The entry of the Europeans in trade, while expanding the market and the level of production in response to it, however, had the effect of disrupting through piracy, the traditional network of trade with other parts of the world.¹³⁸ The attacks by the Mahrattas and the spread of disorder following the death of Emperor Aurangzeb also disrupted internal production and trade in the first half of the eighteenth century.¹³⁹

8. Zamindars were the dominant elements of the rural scene. The issue whether they were owners of the soil or were merely collectors of rent-revenue has not been clinched, perhaps will never be. But they were for all practical purposes the government at the local level, operating through their *kacharis* and militia, and exercising judicial functions.¹⁴⁰ Besides, what was less important than land which was then not so scarce, was the control over people for the appropriation of surplus. To the extent the Zamindars were actually in control, had the power to take possession of land by force, and used, alienated and disposed of their rights on land as they pleased, subject only to a formal, often *post facto*, concurrence of the Emperor in the form of a *sanad*, they were indeed behaving like the owners of land. However, among Zamindars, those who were big had direct dealings with the Nawab, while the smaller ones had to work through a network of revenue officials at various levels of the administration and pay their revenue to the latter. With the exit of the Jagirdars and Mansabdars from the scene, who were consigned to Orissa by Murshid Kuli Khan, the ruler of Bengal from 1707 to 1725, the Zamindars became even more important than they had been in the past.

9. As stated above, this picture is very much related to the part of Bengal under the direct rule of the Mughal Emperor or his representative. The tribal societies, and those in the north, were different, where shifting cultivation was usually the norm, settlements were small and widely dispersed, and the economy less differentiated and developed.

It is unclear how this picture would have to be modified in cases of the Muslim villages. Perhaps this picture applied to the Muslim villages, too, except that, in the absence of the discipline imposed by caste, the occupation-wise demarcation among the families in the village was not clear-cut.

How then would one characterise the mode of production in Bengal's agriculture at the time of the colonial take-over? The answer in all probability would be: a variant of the feudal mode of production. A variant because it did not fully conform to the European model of feudalism, e.g. absence of wide use of labour rent or of the lord's manor, although some of the *khud khas* tenures directly owned by the nobility were probably cultivated with the help of labourers, and 'forced labour' was not uncommon. The highly centralised character of the Indian state with a transferable high nobility governing various territories, would be seen by some of those holding the conventional view of feudalism, as being a departure from the accepted picture of feudalism, but, as we have already noted, this centralised structure of authority was always counterposed against strong regional pressures for autonomy. In any case, for about fifty years preceding the British take-over, the regional elements (from the Nawab to the Zamindars) enjoyed a great deal of autonomy.

But here the framework of our analysis is not conventional but Marxist. Land was the principal means of production, agriculture was the principal occupation and the peasant was the source of surplus product which was appropriated by the Zamindars and those higher up. The rule of the Zamindars was of a personalised kind, and at this point both the economic and political power converged. The economy was highly fragmented, and virtually no market for land and labour existed. The basis of the system of exploitation was extra-economic coercion, both directly in the form of the private army of the Zamindar and indirectly by way of the ideological influence of the caste system and of various religious practices. Labour power was not for sale, and on the other hand, there was virtually no evidence of slavery or even agrestic servitude on the scale documented with reference to the southern part of the country and other areas. All these point to the feudal mode of appropriation of the surplus.

- 1 See, Henry Maine, *Village Communities in the East and West*, London, 1871; M Shivaiah, K V Narayana Rao, L S N Murty and G Mallikarjuna, *Panchayati Raj—An Analytical Survey*, Hyderabad, National Institute of Community Development, 1976, p 36.
- 2 Karl Marx, *Pre-capitalist Economic Formations* (edited by Eric J Hobsbawm), New York, 1971.
- 3 Ramkrishna Mukherjee, *The Dynamics of a Rural Society—A Study of the Economic Structure in Bengal Villages*, Berlin, Akademie - Verlag, 1957.
- 4 Anupam Sen, *The State Industrialisation and Class Formations in India—A Neo-Marxist Perspective on Colonialism, Underdevelopment and Development*, London, 1982.
- 5 Ratnalekha Roy, *Change in Bengal Agrarian Society, c 1760-1850*, Delhi, 1979.

- 6 See, Maurice Godelier, "The Notion of the Asiatic Mode of Production", *Enquiry*, New Series, Volume II, Nos 2-3, 1965; Irfan Habib, *The Agrarian System of Mughal India*, London, 1963; Daniel Thorner, *The Shaping of Modern India*, Delhi, 1980, pp 257-272, 349-382; Tapan Roy Choudhury, "The Agrarian System of Mughal India," *Enquiry*, New Series, Vol II, No 1, Spring 1965, pp 94-121; B H Baden-Powell, *A Short Account of Land Revenue and its Administration in British India with a Sketch of the Land Tenures*, Oxford, 1913, 1968-69.
- 7 While only 334,000 *bighas* were measured in Bengal, the figure for Bihar was 12,700,000 *bighas*, and that for Allahabad-Agra-Ajodhya combined was 78,800,000. Irfan Habib, *The Agrarian System of Mughal India (1556-1707)*, Bombay, 1963, p 4.
- 8 Todarmall divided Bengal into 19 local governments (*sarkars*) each of which was again divided into estates (*mahals*). His lists "not only fail to give a complete account of and omit districts now well known, but they also include districts which are known to have been left unsubjugated by Akbar's Generals". (Walter Kelly Firminger, *Historical Introduction to the Bengal Portion of the "Fifth Report"*, Calcutta, 1917, p xxiv).
- 9 W W Hunter, *A Statistical Account of Bengal*, London, 1876, Vol X, p 18.
- 10 *Ibid*, p 217.
- 11 An independent kingdom, Cooch Bihar became a protectorate of the British in 1773, when the latter helped its king to fight off the monarch of Bhutan. See *Ibid*, p 332.
- 12 D C Crawford, *A Brief History of the Hugli District*, Calcutta, 1902, p 5; W W Hunter, *A Statistical Account of Bengal*, London, 1876, Vol IV, p 139.
- 13 Firminger, *op cit*, p xli.
- 14 After a ceaseless war for nine years from 1742, in 1751 a settlement was reached by Nawab Alivardi Khan with the Mahrattas, under which their leader, Bhaskar Pandit, was given the governorship of Orissa and an annual allowance of Rs 12 lakhs. See *ibid*.
- 15 Benoy Bhusan Chowdhury, "Agricultural growth in Bengal and Bihar, 1770-1860: growth of cultivation since the famine of 1770", *Bengal Past and Present*, Jan-June, 1976, pp 291-292.
- 16 Marx, *op cit*; Shivaiah *et al*, *op cit*; Maine, *op cit*.
- 17 Ramkrishna Mukherjee, *op cit*, p 21.
- 18 *Ibid*, pp 18-19.
- 19 *Ibid*, p 22.
- 20 *Ibid*, pp 24-26.
- 21 J N Dasgupta, *Bengal in the Sixteenth Century A D*, Calcutta, 1914, pp 61-62.
- 22 *Ibid*, pp 71-72.
- 23 *Ibid*, p 67.
- 24 W W Hunter, *A Statistical Account of Bengal*, London, 1876, Vol X, pp 122, 290-291.
- 25 Hunter, *ibid*, Vol VII, pp 81-82.
- 26 *Ibid*, p 347. Among some groups, e g, Dhimal or Mech, there was no word for 'village'. *Ibid*, Vol X, p 40.
- 27 *Ibid*, Vol VII, pp 81-82.
- 28 "Land had been practically unsaleable, land was totally valueless unless they cultivated it, had no market price for no one would buy it or make advances upon it as security." (Report of the Royal Commission on Agriculture, 1931, quoted in S J Patel, *Essays on Economic Transition*, London, 1965).
- 29 Roy, *op cit*.
- 30 If the tenant paid his rent and fulfilled his customary duties, he could not be legally evicted. Sinha, *op cit*, p 18. See also Firminger, *op cit*, p 34.
- 31 This was the view of Raja Rajballav. See Ratnalekha Roy, *op cit*, p 13. See also Irfan Habib, "Distribution of landed property in pre-British India", *Enquiry* New series, Vol II, No 3, Winter 1965.

- 32 See Romesh Dutt, *op cit*, p 59, for the view of John Shore.
- 33 W H Martin Wood, *Land in India—Whose is it?* London, 1862.
- 34 Hamza Alavi, "India: Transition to Colonial Capitalism", in Hamza Alavi, *et al*, *Capitalism and Colonial Production*, London, 1982, p 31.
- 35 For this purpose the Zamindar imposed an additional cess called *poolbandy*, i.e., repair of embankments. See, Sinha, *op cit*, p 113.
- 36 Sinha *op cit*, p 138. Such loans usually carried 1-2 per cent interest per month. (Sinha, *op cit*, p 86, p 102)
- 37 *Ibid*, pp 14-15.
- 38 Tapan Kumar Roy Choudhury, *Bengal under Akbar and Jahangir: An introductory study in social history*, Calcutta, 1953, pp 17-18; Firminger, *op cit*, pp xxxvi-xxxviii.
- 39 This continued throughout the period of rule by Emperors Akbar and Jahangir. *Ibid*, p 22. Only later, under Shahjahan and Aurangzeb attempts were made to bring the Zamindars under the standardised Mughal revenue administration.
- 40 N K Sinha, *The Economic History of Bengal from Plessey to the Permanent Settlement*, Vol II; Calcutta, 1968, p 1.
- 41 Irfan Habib, "Distribution of Landed Property in pre-British India", *op cit*, pp 61-62.
- 42 Walter Kelly Firminger, *op cit*, p xxiii.
- 43 Siha, *op cit*, p 32.
- 44 Firminger, *op cit*, pp xcii-xciii
- 45 Roy, *op cit*, p 21. Fawjdars ranked immediately below the Commanders-in-Chief. (Firminger, *op cit*, p xxii-xxiii). But they were few in number, not even one in each of the 13 *chaklas*. Their task was mainly to retain an appearance of power on behalf of the Nawab and to coerce defaulting small Zamindars, but "beyond that point probaly the Fawjdars did not care to go". (Firminger, *op cit*, p xxxvi)
- 46 Jadunath Sarkar, *History of Bengal* Vol II, p 409. Mursheed Kuli Khan became *diwan* (head of the revenue administration) in 1701, Deputy Nazim in 1707, and Nawab Nazim (Deputy Governor) in 1713. He maintained a small army of 3,000 cavalry and 4,000 infantry, but relied on Zamindars during war. He ruled until 1725. L S S O'Malley, *History of Bengal, Bihar and Orissa under British Rule*, Calcutta, 1925.
- 47 Sinha, *op cit*, p 17.
- 48 *Ibid*, p 16.
- 49 L S S O'Malley, *op cit*, p 72.
- 50 The exercise of judicial power was probably not legal, and even if it were so he had the legal obligation to report to Fawjdar in cases of serious crimes. In actual practice the Zamindar did what he pleased. See Firminger, *op cit*, p xciii.
- 51 See H Alavi, *op cit*, p 47.
- 52 See Ramkrishna Mukherjee, *The Rise and Fall of the East India Company*, Berlin, 1958, pp 21-25.
- 53 In 1498 the Portuguese found the ocean route to India; in 1602 the Dutch East India Company was formed, in 1601 the English East India Company. They mixed trade with piracy and disrupted the established network of trade among the countries of the region. *Ibid* p 21.
- 54 See E Baines, *History of Cotton Manufacturers of Great Britain*, New York 1966; Radha Kamal Mukherjee, *The Economic History of India 1600-1800*, Allahabad, 1967, pp 158-162; Alavi *op cit*.
- 55 *Ibid*. The act of 1700 forbade the introduction of Indian silks and printed calicoes for domestic use under a heavy penalty of £200 for wearer and seller. (E Baines, *op cit*, pp 78-79). But despite this, these products were illegally imported because of the strong preference of the ladies who considered it fashionable (*Ibid*, p 80). Heavy duties were imposed on other cotton products. D H Buchanan, *The Development of Capitalist Enterprise in India*, London, 1966, p 465.

- 56 By 1720 about 1.5 million pieces were exported from India to Europe. The Dutch alone took about 19.6 million square yards of silk annually during this period. See Radha Kamal Mukherjee, *op cit*.
- 57 D R Gadgil (*The Industrial Evolution of India, in Recent Times 1860-1939*, Bombay, 1971, p 97) made a distinction between urban and rural industries, the latter catered to the 'primary needs' of the rural population, and its organisation was one of the 'crudest'. In contrast, the urban industries were more developed, better organised and produced higher quality products. While this was probably true of the industries in general, the situation was different with the textile industry which had developed in response to the foreign demand and whose needs far exceeded the capacity of the urban part of the industry. In the case of Bengal, while important urban centres like Dacca, Santipur, Murshidabad, Maldah and Birbhum played an important role in organising production, the production was widely dispersed practically over the entire State. Even by the 1830s, when the textile industry was in the declining state, Francis Buchanan noted that textile production took place practically every where in the province. Besides, the preparation of cotton thread and spinning were largely a family enterprise—mainly undertaken by women, mostly the wives of farmers but also by women of Brahmin households. (See, Francis Buchanan, *op cit*, p 288).
- 58 H R Ghosal, *op cit*, p 2. In the case of Bengal, with the expansion in textile production raw cotton had to be imported from Surat, Gujarat.
- 59 According to Alavi, the money advanced by the moneylender to the weaver was not comparable with the 'putting out' system, since the raw materials were not supplied by him. This is difficult to believe, particularly in the case of Bengal where in most villages cotton had to be procured from outside. It is logical to assume that those who supplied cotton to the weavers were the same traders who advanced loans to weavers. His other point regarding location economics that there was no particular economic advantage in locating the cotton industry in the villages, misses the point that much depends on the location of the village vis-a-vis the centres of consumption/export, and the rural/urban division is not that relevant. See, Alavi, *op cit*, p 49. See, for example, M N Roy, *India in Transition*, Bombay, 1971, p 97, for the view that the artisans were indeed supplied with raw materials by the trader. See also, Ghosal *op cit*, p 2. According to Buchanan, in the 1830s two-thirds of the amount (and three-fifths of the value) of raw cotton had to be imported into Bengal, through large dealers, who then distributed this through smaller dealers to spinners and weavers. The spinners were generally women. (Buchanan, *op cit*, p 289). See also Radha Kamal Mukherjee, *The Economic History of India, 1600-1800*, Allahabad 1967, p 151 (where he commented that the moneylender provided the weavers "with raw materials and advanced the subsistence money").
- 60 See Radha Kamal Mukherjee, *ibid*, pp 87-90.
- 61 While the speculative debate on what could or could not have happened had Bengal/India remained independent can never be resolved, the point to emphasise is that the option for independent development was closed by the conquest. For an interesting debate on this, see *Indian Economic and Social History Review*, March 1968, papers by M D Morris, Toru Matsui and Bipan Chandra.
- 62 *Ibid*, p 21.
- 63 *Ibid*, pp 52-72.
- 64 H T Colebrooke, *Remarks on the Husbandry and International Commerce of Bengal*, Calcutta, 1804.
- 65 Francis Buchanan - Hamilton, *A Geographical, Statistical and Historical Description of the District, or Zilla of Dinajpore in the Province, or Soubah, of Bengal*, Calcutta, 1833.
- 66 Roy, *op cit*, p 55.
- 67 *Ibid*, p 55.
- 68 *Ibid*, p 58.

- 69 *Ibid*, p 55.
- 70 *Ibid*, p 58.
- 71 *Ibid*, pp 58-59.
- 72 *Ibid*, p 59.
- 73 Buchanan, *op cit*, pp 99-100.
- 74 Biplab Dasgupta, "Agricultural Labourers in West Bengal", *Economic and Political Weekly* (forthcoming).
- 75 *Ibid*.
- 76 *Ibid*.
- 77 Ramkrishna Mukherjee, *op cit*, p 107.
- 78 *Ibid*, p 107.
- 79 For example, Rajbansis, who are categorised as 'Scheduled Castes', despite their claim to be 'Kshatriyas'. (Ramkrishna Mukharjee, *op cit*, p 106). Some other castes with more recent tribal past--the Bauri, the Bagdi, the Bhumij--occupy the lowest positions in the caste hierarchy. (*Ibid*, p 106). See also Buchanan, *op cit*, p 101.
- 80 *Ibid*, p 53.
- 81 Colebrooke, *op cit*, p 91.
- 82 *Ibid*, p 92.
- 83 *Ibid*.
- 84 Roy, *op cit*, p 55.
- 85 *Ibid*, p 55.
- 86 Francis Buchanan-Hamilton, *op cit*.
- 87 *Ibid*, p 73.
- 88 *Ibid*, pp 73-75,
- 89 *Ibid*, p 79.
- 90 *Ibid*, p 250.
- 91 *Ibid*, p 73.
- 92 Roy, *op cit*, p 192.
- 93 Buchanan-Hamilton, *op cit*, pp 234-235.
- 94 *Ibid*, pp 234-235.
- 95 *Ibid*, p 235.
- 96 *Ibid*, p 235. See also Sinha, *op cit*, p 43, who contends that the process of depeasantisation was not in evidence even in 1786, and that the figure of 150,000 sharecroppers mentioned by Buchanan in the case of Dinajpore was "no indication of the number of *adhiyars* in other districts".
- 97 *Ibid*, p 235.
- 98 *Ibid*, p 244.
- 99 Roy, *op cit*, pp 267-268; Buchanan-Hamilton, *op cit*, pp 235-236.
- 100 Buchanan-Hamilton, *op cit*, p 235,
- 101 *Ibid*, p 235.
- 102 Abdullah, *op cit*, p 96.
- 103 See, for example, Ranajit Guha, *A Rule of Property for Bengal*, Paris, 1963, for a summary of the debate.
- 104 Abdullah also makes the interesting point that, in the absence of a wide range of objects which the surplus production could buy, and given the constraints imposed by the caste system on upward social mobility, there were limits to the penetration of the village society by the market forces. See, Abu Ahmed Abdullah, "Landlord and rich peasant under the permanent settlement", *Calcutta Historical Journal*, Vol V, No 1, June-December, 1980, pp 89-90.
- 105 Buchanan's figures of 34 per cent of sharecroppers in Dinajpore in 1908 contrast sharply with the estimates of the Floud Commission at 13.8 per cent in 1938. See, Government of Bengal, *Report of the Bengal land Revenue Commission*, Calcutta, 1940, Vol. II, Table V III (d). For Rangpur, the respective figures are 39.4 per cent and 19.1 per cent.

- 106 W W Hunter, *op cit.*
- 107 Roy, *op cit.*, p 59.
- 108 Hunter, *op cit.*, Vol IV, p 306; Vol IX, p 116; Vol VII, p 398.
- 109 *Ibid*, Vol IV, p 306; Vol IX, pp 117, 398.
- 110 *Ibid*, Vol X, p 306.
- 111 *Ibid*, Vol VII, p 82; Vol IV, p 306.
- 112 *Ibid*, Vol III, p 86.
- 113 *Ibid*, Vols III and IV.
- 114 *Ibid*, Vol IV, pp 65-66, 241, 343; Vol III, p 347.
- 115 However "rural indebtedness was far from a casual phenomenon before British rule and rural indebtedness was perhaps far more widespread than has sometimes been assumed": (See Benoy Bhushan Chaudhuri, "The Process of Depeasantization in Bengal and Bihar, 1885-1947", *The Indian Historical Review*, Vol II, No 1, July, 1975, pp 105-165).
- 116 Abu Abdullah (*op cit.*, p 90) also mentions 'demographic differentiation' in a pre-industrial society, following Theodore Shanin, *The Awkward Class: Political Sociology of Peasantry in a Developing Society; Russia 1910-1925*, London, 1972. But such differentiation can work both ways—by increasing pressure on available land in a land scarce situation, and by increasing family labour power necessary for clearing forests, and occupying *chars* (alluvial tracts emerging with the change in the course of a river).
- 117 The consent of the village *panchayat* was necessary to sell land. See Nihar Ranjan Roy, *Bangaseer Itihas*, quoted in Ramkrishna Mukherjee, *The Dynamics of a Rural Society—a study of the economic structure—Bengal villages*. Berlin, Akademie-Verlag, 1957, p 19.
- 118 See Amal Kumar Chattopadhyay, *Survey in the Bengal Presidency, 1772-1843*, London, 1977, pp 14-15, where he argues that agrestic slavery became widespread only after the 1770 famine.
- 119 *Ibid*.
- 120 See W W Hunter, *op cit.*, Vols I-XX.
- 121 Excepting for one famine in 1642-43 which was confined to Dacca and was caused by failure of the supply system, and the one in 1751. See Irfan Habib, *op cit.*, 1963, pp 67 and 109.
- 122 The records of the Mughal period talk about enormous herds and extensive pasturage in Bengal, regular trade links with the rest of the country, and plenty of paddy, fish, vegetables and *ghi* (a milk product) to eat. See Irfan Habib, *op cit.*, pp 51, 53, 64, 91, 97.
- 123 Radhakamal Makhherjee, *The Economic History of India, 1600-1800*, Allahabad, 1967, pp 19-20.
- 124 Between 1 per cent and 2 per cent per month. which was considerably lower than the prevailing norm. See Sinha, *op cit.*, Vol II, pp 86, 102, 108.
- 125 In the story told by poet Mukundram describing Burdwan in the sixteenth century, he talks about the assessment of his land by the settlement under Todarmall, how, during assessment, waste lands were measured as arable and a higher rent was imposed; three-fourths of a *bigha* was measured as one *bigha*, how *poddars* (official rent-receivers-cum-village moneylenders) gave about 2½ annas less for each rupee they gave and charged one pie per day for loan they advanced, and how the indebted subject trying to run away was harassed and put to prison. See J N Dasgupta, *Bengal in the Sixteenth Century A D*, Calcutta, 1941, pp 61-66. The defaulters were punished by putting them between two swords (*ibid*, pp 71-72). The officers were in league with the rich, were oppressive and evil (p 79). The difference between the rich and the poor was more marked in areas which were agriculturally more prosperous or which came under the impact of the towns and trade centres (p 67).

- 126 Roy Choudhury, *op cit*, pp 118.
- 127 See, Hamza Alavi, *et al*, *op cit*.
- 128 B B Mishra, *The Indian Middle Classes—Their Growth in Modern Times*. London, 1961, pp 23-25, 44.
- 129 Dasgupta, *op cit*, pp 114-115.
- 130 *Ibid*.
- 131 According to O'Mally, at the time of Plassey they were so powerful that, even without the British, they could put any one in power as Nawab. See, O'Mally, *op cit*, pp 117-118.
- 132 J N Dasgupta, *Bengal in the Nineteenth Century A D*, Calcutta, 1914, p 117.
- 133 *Ibid*, pp 114-115.
- 134 *Ibid*, p 119.
- 135 *Ibid*, pp 106-141. The comment of Fitch was somewhat patronising: Saptagram "is a fair city for a city of the Moores, and very plentiful of all things" (*ibid*, p 141).
- 136 Radhakamal Mukherjee, *The Economic History of India, 1600-1800*, Allahabad, 1967, p 122.
- 137 Hunter, *op cit*, Vol IX, p 63. Among other important centres of commerce in Eastern India were Sonargaon, Rajmahal, Patna, Pipli, Chandecan, Sripur (*ibid*, p 122). Patna and Benaras were two main trade centres through which the products of Bengal reached North India (*ibid*, p 98). Cesar Frederici, a Venetian traveller, in 1578, also mentioned Bator (presently a part of Howrah city) as a temporary halt of the boatmen along the river Ganga on their way to Saptagram (see, Government of Bengal, *Bengal District Gazetteer—Howrah*, Calcutta, 1909, p 17).
- 138 Radhakamal Mukherjee, *op cit*, p 134.
- 139 *Ibid*, pp 123-124.
- 140 Hamza Alavi, *op cit*.

FRANCOIS HOUTART*

The Transformation of Agrarian Structure: The Vietnamese Experience

THE PERSPECTIVE of this paper is a sociological one, putting more emphasis on some aspects of the Vietnamese experience, namely, at the microdimension of the commune, even if they are included in a more general Marxist framework.

Our starting point lies in the fact that changes in social and economic structures mean changes in social practices and in cultural models. The rhythm of change is not the same in the various elements, even if there is always a dialectical link between them. What we have discovered in the Vietnamese experience is a pedagogy which, in the transition to a new mode of production, is built on the economic transformation itself. This pedagogy may be defined as an action to transform social behaviour and practices and cultural models.

The study that we have made on a Vietnamese commune, corresponding with a cooperative,¹ shows that the peasant is an historical actor, manager of his own economic reality, but also of his symbolic representations and of his meanings. In such a process, many contradictions are arising, namely, between the necessity of the productivity and the creation of new patterns of behaviour and it is precisely the role of the sociologist to try to understand the mechanism of such transformations.

Relationship between Productive Forces and Social Relations of Production as a Form of Pedagogy

In order to understand what has happened at the level of a commune in Vietnam, it is important to have an idea first of the general evolution of the land reform in Vietnam.

The First Steps of the Land Reform (1953-1957)

We should not forget that this was a period of war and the whole problem for the Vietnamese society was to transform the social

*Centre Tricontinental, Louvain-la-Neuve, Belgium.

relations of production of a traditional society, in spite of, or at least within, the war. We are basing ourselves for describing this process on the self-criticism established by the Party in 1959.

During the period 1945-1953, too much insistence had been put on the anti-imperialist struggle and too little on the social relations of production. It meant that too much attention, according to the self-criticism of the Party, had been given to the collaboration of landlords and big proprietors. It was qualified as a deviation to the right.

In the years 1953-1957, the land reform was initiated with, according to the same source, too much insistence on satisfying the immediate demands of the poor and landless peasants, without respecting enough a strategy of class alliance. The result of this has been the existence of injustice (it was estimated that 30 per cent of the landlords who had been condemned were innocent) and at least 10,000 deaths. However, a pedagogical work had been initiated, through two sources: the popular tribunals, aiming at destroying the image of the landlord within a Confucianist culture and the work of the young cadre among the peasants, in order to raise the level of class consciousness in the rural areas and in particular to help the peasants to put pressure to reduce farm rents.²

In 1957 a rectification campaign was initiated: 810,000 hectares of land were redistributed and 1,846,000 heads of cattle supplied to about eight million people, which meant about two million families. The land reform benefited 73 per cent of the rural population.

It was thus clear that the first step of the land reform has been a parcellization of the land, but also that even that step had met with great difficulties in changing the mentality of the peasants. It was, if we compare with the preceding situation, a change in the social relations of production. However, parcellization is hardly a socialist solution. It may be strange to think that coming from a traditional society where land was communal, the first step for a transition to socialism has been parcellization. We do not want to discuss this at length, but we may indicate two reasons. First, the typical Asiatic mode of production was quite eroded when the French established their colonial power and with this last political event, capitalist forms of production had been introduced and the desire for private property had been developed among the peasants as a means of security. The second reason is probably the fact that such social relations of production were the only ones adequate for a situation of weak development of productive forces. The peasants were using very primitive instruments of agriculture; there were practically no fertilizers and irrigation was insufficient. There was only one crop a year and a production of about one tonne of paddy per hectare.

Steps Towards Cooperativization at Rural Commune Level

For investigating the micro-dimension, we take the case of a

rural commune, situated in the Delta of the Red River in the district of Hai Hau (Province of Anh Nam Minh). We can divide the process into four different stages.

i) 1959-1963: *Cooperation in the process of production*: At that time, the commune was divided into nine units, taking as the main basis the formal traditional village (*lang*). This commune was constituted by five former traditional units. The first cooperatives, with the peasants putting in common some of their work instruments but keeping the property of their land, were organized on the traditional *lang*, some of the units having been divided into two. This was socially very important because the *lang* was the unit of traditional communal production and also of social identity. There was no break between the organization of production and the social and cultural dimension of the whole life of the peasants.

ii) 1963-1970: *First collectivization of land in the form of cooperatives*: These first cooperatives were based on the *lang* and five of them were established. The *lang* had at that time a population of about 800 to 1,000 which means 100 to 125 families. It was thus a very small unit, with all the characteristics of what we have seen before.

This collectivization of land was however not compulsory. There was free access to the cooperative and some of the peasants did not join it. Within the general organization, 5 per cent of the land had been set aside for private gardens. This first collectivization of land permitted also the beginning of a diversification of agricultural production.

iii) 1970-1977: *Organization of the cooperative at the scale of the commune*: Such an organization, which came about 20 years after the beginning of the land reform, had been preceded by changes in the material basis of production. During those years, a new irrigation system had been initiated, covering the whole of the commune and integrating the various *langs* in one irrigation system, connected with major canals constructed by the State. Some economic infrastructure had also been built for the storing of rice, new roads had been constructed to link the centre of the commune with the different *langs*, land use had been redefined, and social and cultural institutions had been established in the centre of the commune, such as secondary school, dispensary, house for the aged people, etc.

However, from the social and economic point of view, some difficulties arose during this period. There were many weaknesses in the management of the cooperative, because of a lack of competence. Till 1977 some peasants were taking back their land and cultivating again on an individual basis, especially during the periods of mismanagement or of bad crops.

iv) 1977-1981: *Consolidation of the cooperative*: During this period, reorganization of the work brigades was done and these were built on the basis of the former *langs*. There were five main work brigades,

located in five former villages. New works of irrigation and various services were also built. This was the beginning also of a great diversification of activities: artisan production working in the neighbouring town, development of some administrative functions, of cultural activities, etc. At this time, almost 50 per cent of the active population was working in non-agricultural areas.

Conclusions

When we reflect on such an experience, we see that the problem has been how to induce new practices and new cultural models within the peasant population. It was a matter of adopting a logic corresponding to the economic interest of the peasant, as well as to his level of representations, not only individual, but also collective. However, this was not an easy task, because the peasant world was not an undifferentiated one. There were at the beginning of the land reform middle peasants and poor peasants. We will see later on how this class differentiation was important for the different stages of realization of the land reform.

However, one of the great lessons of the Vietnamese experience is the importance of a correspondence between the state of productive forces and the social relations of production for the concrete transformation both of social behaviour and of the systems of representations. It is in this sense that the economic steps at the level of productive forces has a pedagogical function. It is useless to transform artificially social relations of production when the material basis enabling such relations to reproduce themselves are not present. It is here that the role of the state is central. To induce peasants to adopt new social forms of production without a corresponding basis leads to very negative results.

LEVELS OF PARTICIPATION AND IDENTITY

If the transformation of the agricultural structure means a process where peasants are social actors, two main social conditions are necessary: participation in the concrete mechanism of the transformation and identification with the institution (cooperative as economic superstructure). This is what we have learned from the experience of the commune of Hải Vân in Vietnam.

Participation

The problem is how to implement a socio-economic model which comes from outside the group and assure, at the same time, local participation of the peasants as actors. The consensus is always linked with participation. One of the indicators of such a phenomenon could be given in the concrete activities of the cooperative, in the election of the leaders and in the consciousness of influencing the

process. We have tried to measure this at the level of the cooperative and at the level of the work group or the brigade.

The Cooperative

a) *The elections*: The members of the cooperative who take the main criteria for the election of the president his personal qualities and capacities have a higher level of consciousness that they really influence the process. It corresponds to the peasants who see the cooperative as an economic enterprise and therefore accord more importance to the capacities of leadership, technical as well as moral. The other group was emphasizing more on the political aspect: fidelity to the directives of the Party.

It is interesting to see who were the people in the first category. The distribution of persons located in the first group is as follows: 60 per cent of men, as against 23 per cent of women; 66 per cent of the people 50 years old and over, against 44 per cent among the younger group. Among the members of the Party and of mass organizations, 60 per cent belonged to this group, whereas only 42 per cent of the non-members were represented in this group; 75 per cent of the peasants belonging to the class of middle peasants before the land reform were in the first group, but only 35 per cent of the former poor peasants; 57 per cent of the people having secondary education were in this group, against 41 per cent of people having only a primary education. Among the non-Catholics, 75 per cent were in this group and only 39 per cent of Catholics.

Of course, these different items are interrelated. It is a fact that members of the Party and of mass organizations have been generally recruited more from among the middle peasants and non-Catholics. Similarly, Catholics, who were sceptical about the new education system at the beginning of the social and political transformation, were less represented in secondary education.

b) *Opinion about the management*: As a whole there is in the cooperative a general satisfaction about the management, which is an important indicator about the consensus. However, there are small differences. Among Party members and members of mass organizations, the degree of satisfaction is 93 per cent; among people having a secondary education, 90 per cent and among poor peasants 87 per cent. The higher degree of dissatisfaction is among women; only 15 per cent expressed satisfaction. We must not forget that women are the group having the highest amount of work: the normal work in the cooperative, which now covers the whole year because of the existence of three crops, the work in the private garden which in fact is generally their responsibility, and the domestic work at home.

c) *Organization of production*. We have taken various aspects of the organization of production, in order to see where the peasants had a greater consciousness of participation.

1) *The decision for production*: As a whole, 42 per cent of the peasants think that the real decision lies in the general assembly of the co-operative and 55 per cent think that it is taken by the board. However, we see very similar cleavages in the answers, as we have found before.

Here are the results for the assembly:

Men: 50 per cent—Women: 15 per cent.

Members of the Party or mass organizations: 77 per cent—Non-members: 26 per cent.

Non-Catholics: 66 per cent—Catholics: 30 per cent.

Middle peasants: 50 per cent—Poor peasants: 38 per cent.

It seems that the perception of the role of the cadre in decision making goes together with the degree of participation of the people. When they have a low degree of participation, their vision is that the board is deciding and not the general assembly. On the contrary, in the groups having generally more participation, we find the idea that the assembly has the real power.

2) *Norms of production*: In the group as a whole 35 per cent think that the norms of production are fixed by the assembly and 60 per cent think that the norms are fixed by the board. We find the structure of responses to be very similar to that revealed in the answers to the preceding question. It is interesting to see also that 72 per cent of the peasants find that the norms of production are too high and this is accentuated among women: 92.8 per cent.

3) *The systems of work points*: In the group, 23 per cent think that the assembly is the real decision-maker and 68 per cent attribute this role to the board. We find again the same structure in the answers.

d) *Participation at the meeting*: Among the totality of the peasants, 69 per cent claim to participate regularly, 22 per cent irregularly and 9 per cent never. However, the degree of participation is again different according to the groups.

Among the regular participants, we find 78 per cent to be men; 77 per cent of the people between the ages of 35 and 49; 75 per cent former middle peasants. Among the irregular participants, we find 33 per cent of the people are younger than 35 years, 31 per cent are women and 29 per cent poor peasants. Among the non-participants, we find 23 per cent women; 17 per cent people having only a primary education and 16.7 per cent middle peasants.

It is also interesting to notice that the proportion of people having no opinion about the content of the meetings was the following: women, 61.5 per cent; people having only primary education, 47 per cent; poor peasants, 35 per cent.

About the possibility of taking an active part in the meeting, the majority of the people interrogated answered that it was not the monopoly

of a few. However, there were some differences. Seventy-five per cent of men and 75 per cent of middle peasants and 74 per cent of poor peasants were of this opinion, but only 61 per cent of women. About the fact that their opinions were taken into consideration, only 33 per cent of the total people interrogated answered positively; 53 per cent of Party members and members of mass organizations; 40 per cent of men, 23 per cent of non-party members; 15 per cent of women; 52 per cent of middle peasants and only 25 per cent of the poor peasants; 42 per cent of the people having a secondary education and only 17 per cent of the people having a primary education.

e) *Conflicts in the cooperative*: Forty-nine per cent claim not to know; 35 per cent say there is no conflict and 15 per cent say yes. The people more conscious of conflict are the following groups: Party members, 33 per cent; people less than 35 years old, 28 per cent, and middle peasants, 20 per cent. The less conscious of conflicts are: women, 61 per cent; people of primary education, 58 per cent; non-party members, 48 per cent.

Conclusions

It is clear that the level of participation in the cooperative is quite different according to various factors which are interconnected. These factors are class origin, membership in the Party or the mass organizations and education. We may add also other elements like sex, age and religion.

We have put together the three first factors because of a certain coincidence of the fact of belonging to the social group of the former middle peasants belonging to the Party and the level of education. This is the first social structure that we find at the level of participation in the cooperative. According to our hypothesis, this is the fundamental structure. It is based on the former position in the social relations of production, which entailed that this social group among the peasants was better prepared to meet a social transformation which would be in accord with its own economic interest, once the new social relations were established on a sound material basis.

The great differences that we find among the sexes is linked with the cultural evaluation of the role of women. This is a long story and it is clear that in the process of transition, because of a lack of direct intervention in this factor, the preceding behaviour has been reproduced. The transition has meant a good deal of work for the women, especially because economic activities are going on the whole year round producing three crops. This new economic factor, plus the relatively slow transformation of the role of women in traditional activities, has made it physically very difficult for women to participate more in economic management, as also in political and cultural activities.

The differences in behaviour that we notice between ages are due to another factor. The new generation has not been the actor in the process of the transformation of the social relations of production. They

are entering into an existing system and are expected to reproduce it rather than to build it. This seems to result in a certain lack of participation. For the religious variable, the history of the Catholic group (a majority in the commune which has been studied) explains its difficulty in integrating itself into the social and cultural transformation. This gave rise to important conflicts during the first period of the process till about 1964, when the American bombing of the North Vietnam began.

However, the main factor seems to be the concrete praxis of social groups which dialectically influences their awareness.

Work Group

Where the work group or the work brigade is concerned, we see a very different picture. We have to recall that the brigade is corresponding to the former *lang*, the traditional social unit.

a) *Capacity for influencing decisions*: The groups which were conscious of their capacity to influence decisions at the level of cooperatives, exhibit a greater consciousness of doing so at the level of the work group. Among the people answering positively, we find 92 per cent are non-members of the Party; 75 per cent poor peasants and 70 per cent Catholics. This means that there exists a greater participation at the local level and in particular among the groups which are not participating so well at the level of the cooperative.

b) *Organization of work*: There is some hesitation about who takes the decision on the formation of the work teams. Some say that it is the chief of the brigade (40.8 per cent); some say it is the head of the brigade and the members (37.9 per cent) and 12.8 per cent affirm that it is the members. However, there is a general approval about the way the work teams are formed inside the brigade. Only 4 per cent of the whole are showing some disagreement.

c) *Evaluation of work*: On the question of whether it is the head of the team or the team itself which makes the evaluation, there are some differences: 56 per cent of the peasants estimate that it is the head of the team and 36 per cent say that it is the team itself. There is no specific structure in the answers, which shows that there is perhaps a difference in actual practice.

Conclusions

We can conclude that the level of the work group is a place of higher participation, because of the fact that there is less differentiation in the roles. It corresponds, as we have said before, to the old *lang*. As a matter of fact, we can also affirm that the cooperative is the economic subject but the brigade is the social subject, the main level of identification for still a majority of the peasants. This will bring some problems for the future, when the development of the material basis of the agricultural production will allow a new social

organization of production. It will definitely be necessary to make a separation into the two spaces, the economic one and the social one, allowing in this respect different rhythms of transformation in the process of transition.

CLASS ORIGIN AND SOCIAL BEHAVIOUR

We have already noticed that there was a very strong difference in behaviour and opinion, according to the class origin of the peasants. It means that the peasant world cannot be treated as one entity even after the revolution.

According to general information, before 1953, the majority of the members of the Party were middle peasants and big peasants. The reforms of the year 1953-54 brought an increase in the number of poor peasants as members of the Party. According to a survey made in 22 villages at that period, the proportion of members from poor peasant background increased from 3.7 per cent to 53 per cent, while the proportion of those who were of middle peasant origin was reduced to 44 per cent. However, according to the studies made by Alec Gordon, there was, at the end of the 1970's, still a predominance of former middle peasants in the leadership of the Party in the rural areas.

In the commune of Hai Van, we noticed that leadership in economic activities was provided almost exclusively by persons who were of middle peasant extraction with the exception of one in this sector who was from poor peasant extraction. On the other hand, the people of poor peasant origin were in the leadership of administrative, political and religious activities.

The following table (page 44) gives some indications of the difference in opinions.

We can make two main observations regarding the figures we have given. As a whole, it is interesting to see that in the case of the Vietnamese commune that we have studied, the people of middle peasant extraction are generally economically more fit to enter into the new economic rationality which is promoted by the new organization of production. It is probably because of their former class position owing to which they had access to a higher degree of rationality and calculation, which helped them enter into new forms of rationality in production. This means that they seem more able to reflect and act on causalities, that they participate more in the economic decisions and that they seem to be more aware of problems of management in the cooperative. There is, even in the period of transition, a certain danger of reproduction of the social differences and of maintaining a passive attitude among the other group.

A second observation is the fact that a parcellization is not necessarily a negative step for a land reform, which intends, over a period of time, to transform fundamentally the social relations of production in a socialist direction. It seems to help the peasant to

DIFFERENCES IN OPINION AND ATTITUDE ACCORDING TO SOCIAL ORIGIN
AMONG PEASANTS OF A VIETNAMESE COMMUNE (Hai Van — 1981)

<i>Item</i>	<i>Poor peasant origin (%)</i>	<i>Middle peasant origin (%)</i>
<i>Criteria for the choice of the head of the cooperative</i>		
Technical competence	55.6	75.0
Social sense	33.3	83.3
Fidelity to the directives of the Party	55.6	33.3
<i>Criteria for choice of the head of work brigade</i>		
Technical competence	41.9	66.2
Moral integrity	45.0	75.0
Social sense	32.0	66.0
Fidelity to the directives of the Party	68.0	50.0
<i>Consciousness of the aptitude for influencing decisions in the cooperative</i>		
	36.0	75.0
<i>Social actions: to whom decision power is attributed</i>		
For the organization at the cooperative level : board	61.3	47.7
: assembly	38.0	50.7
For the organization of the work at the brigade level : the members	9.7	16.7
: the head of the team	45.2	41.7
: members and head	38.7	33.3
Possibility of discussion on the execution of work (yes)	29.0	50.0
<i>Participation in meetings of the cooperative</i>		
Regular	64.5	75.0
Irregular	29.3	8.3
Never	6.5	16.7
<i>Opinion about the acceptance by the board of the ideas of the members</i>		
	25.8	58.3
<i>Perception on conflicts in the brigade</i>		
Between head and members	25.8	41.7
Between members	16.1	8.3

acquire some practices and some cultural models, mainly related to the new stage of productive forces. We are aware that such practices and cultural models may be ambiguous, because they may also increase individualistic attitudes and internalize such a sense of private property that other steps towards a land reform become extremely difficult. This was very clear in the case of the Mekong Delta. Everything depends on the totality of the social organization and on the role this solution plays in the totality.

It is in this sense that we spoke about the pedagogical function of the transformation of the material basis, both because it helps to create new patterns of behaviour and new cultural models orienting the reproduction of such behaviour and because it helps the peasant to

make or accept transformations meeting his economic interests. This is a fundamental reason why a dialectical approach between the transformation of the material basis and the change in the social relations of production should be respected.

1. F Houtart and G Lemercinier, *Sociologie d'une commune vietnamienne. Participation sociale, modes culturels, famille, religion, dans la commune de Hai Van, C R S R, Louvain-la-Neuve, 1981.*
2. Christine White, "Peasant Mobilization and Anti-Colonial Struggle in Vietnam: The Rent Reduction Campaign of 1953", *The Journal of Peasant Studies*, Vol 10, No 4, January 1983.

NOTES

Subsistence Tenancy in a Backward Agrarian Setting: A Case Study of North Bihar

"BUT THIS deplorable method of cultivation, the daughter of necessity and mother of misery has nothing in common with the good farming established in certain districts."¹ This remark refers to the institution of share-tenancy and truly reflects the conditions of subsistence tenancy in a backward agrarian setting like North Bihar. Though this remark dates back to early tracts in economic writing related to the Metayage system of sharecropping as developed in France, which was considered inimical to the advancement of agriculture and to the interest of the tenants, it is equally applicable to the sharecropping system prevalent in North Bihar in which the subsistence farmer forms one party and the land owner the other.

The prevalence of this system in North Bihar also raises serious doubts about the strength of the capitalist tendency in this region, and, by implication, in other regions as well where similar conditions have continued to prevail.

Several investigators² have vehemently opposed the idea of tenancy being necessarily a feudalistic or pre-capitalistic institution; the basis for their argument is the recently observed tendency in some parts of the country of big farmers leasing in land with a view to enlarging their operational holding for large scale capitalistic farming. Indeed, "commercial tenancy" or what Lenin called "entrepreneur renting",³ is an institution encouraging capitalist development in agriculture; but tenancy of this sort arises only in a situation of developed agriculture (as in the case of Punjab⁴ and Haryana) where big farmers, because of the attraction of better returns in modern cultivation, enter into the lease market as lessees. These big farmers have strong bargaining capacity and sound socio-economic status, so that they can enforce better terms and conditions for themselves. They prefer fixed or cash rent in comparison to crop-sharing. But the situation in a backward agrarian setting is completely different. Here land is predominantly leased in by marginal and small farmers out of necessity. As the very purpose of this class of tenants is subsistence, such tenancy may be called "subsistence tenancy". In the case of subsistence tenancy, the terms and

conditions are obviously unfavourable to the tenants resulting in their exploitation, and the lessor-lessee relation is unhealthy and inimical to agricultural development.

The purpose of the present paper is to discuss the different aspects of subsistence tenancy in the backward agrarian setting of North Bihar. The paper tries to answer questions such as who leases out, who leases in, what is the lessor-lessee relation in a subsistence share-cropping system and seeks to explain the functioning of the lease market in a situation of backward agriculture and the mode of exploitation inherent in the system.

The study is based on a three-village survey (Manika-1, Manika-2 and Dwarikanagar) in North Bihar (Mushahari Block, Muzaffarpur district) where subsistence tenancy is widely prevalent. It is worth noting here that this area, on account of the severe exploitation of subsistence tenants, witnessed some effects of Naxalite movement during the seventies. The survey was conducted in 1979-80 through a questionnaire covering 20 per cent of the total number of cultivators in the three villages under study. For the purpose of analysis, the total number of cultivators selected for the study were divided into five groups, namely, pure owner, combined owner, combined tenant, pure tenant and rent receiver. The definitions of these five are given below:

(1) Pure owner: One who cultivates his land fully, neither leasing in nor leasing out.

(2) Combined owner: One who cultivates a portion of his land and leases out the rest.

(3) Combined tenant: One who cultivates his own land as well as some leased-in land.

(4) Pure tenant: One who has no land of his own and cultivates only leased-in land.

(5) Rent receiver: One who leases out all his land, and instead of ownership, gets some rent.

The area under study is predominantly paddy growing, and rice is the staple food of the people. All the tenants in the area under study were found to have cropsharing arrangements. The main reasons for preferring this type of tenancy arrangement, according to respondents, were: (i) the subsistence nature of their farming and (ii) the risks involved in crop production due to frequent flood and/or drought in the area. With sharecropping arrangements, tenants' share of crop produce proves to be a great support to their subsistence, and moreover they are not obliged to give any fixed amount in case of crop failure.

Not one tenant under study preferred cash rent or fixed produce type of arrangement. Generally, these two types of tenancy (cash rent and fixed produce) are preferred by tenants who are large holders in a developed area where the risk involved in cultivation is minimum and crop failure is rare. All the tenants in the area were concentrated in the marginal farm size group. Tenants in this group will naturally prefer

sharecropping for the reasons explained above.

As the nature or pattern of tenancy (whether commercial or subsistence) depends upon the farm size group to which tenants belong, we look first at the size-distribution of the tenants.

Table I shows the number of different categories of farmers (viz, pure owners, combined owners, combined tenants, pure tenants and rent receivers) falling under different farm size groups. It shows that all the pure tenants and even combined tenants belonged to marginal farm size groups, and not even a single holder in the other two size groups, i.e., 2.5-5.0 acres and 5.0 acres and above was observed to lease in land. This suggests the predominance of subsistence tenancy and the complete absence of commercial tenancy in the area under study.

TABLE I
FARM SIZE AND PATTERN OF AGRICULTURAL TENANCY

Farm size (in acres)	Tenurial Groups					Total
	Pure Owners	Combined Owners	Combined Tenants	Rent Receivers	Pure Tenants	
0-2.5	10 (66.66)	1 (12.50)	7 (100.00)	4 (80.00)	7 (100.00)	29 (69.04)
2.5-5.0	4 (26.68)	1 (12.50)	—	1 (20.00)	—	6 (14.28)
5.0 and above	1 (6.66)	6 (75.00)	—	—	—	7 (16.68)
Total	15 (100.00)	8 (100.00)	7 (100.00)	5 (100.00)	7 (100.00)	42 (100.00)

NOTE: Figures in parentheses indicate percentage.

The complete absence of leasing-in by the top two size groups of farmers was probably because of the fact that the operators in these two size groups generally belonged to the upper stratum (caste) of society and people who wanted to give their land on sharecropping did not prefer them not only because they were considered comparatively inefficient but also because they could not be pressurised to extract additional non-remunerative favours generally associated with the leasing arrangements.

The various aspects of terms and conditions which have been taken into consideration in the present study are share in produce and cost, labour services, security, length of lease, and status of terms and conditions.

i) *Share in produce and costs*: When asked about the sharing pattern in produce, all the respondents reported sharing of produce (both main as well as by-product) to be on a 50:50 basis. The 50:50 sharing of produce is uniformly followed for all the crops, both HYV and local varieties.

Similarly, all the tenants in the sample reported that the entire

cost of cultivation was to be borne by themselves. They did not get any share from the landlords' side. Even if landlords shared costs during a bad crop year or during a crisis period, they treated it as loan and realised it immediately after the harvest.

To compare the pattern of sharing in produce and costs prevalent in the area under study with the practices popular in other states, the related findings of some studies conducted in other states may be cited here.

Studies conducted in neighbouring states like West Bengal and Orissa indicate that the share of tenants in some areas of these states to be more than 50 per cent.⁵ Similarly, landlords in some areas of these states are found to have been sharing costs also, especially in the case of HYV cultivation. Since the findings of the present study show uniformly 50:50 share in produce and absolutely no share of lessors in the cost, this reflects the comparatively unfavourable conditions of tenants in the area under study. Various studies on the cost of cultivation in the area show that the cost is equivalent to 45 to 50 per cent of the produce.⁶ Sharecroppers who invest 45 to 50 per cent of the produce in cultivation and pay 50 per cent of the produce as rent are left with a margin of 0 to 5 per cent which puts them ultimately in a perpetual bondage of debt.

ii) *Compulsory labour service*: Table II would indicate that 85.50 per cent of pure tenants had to perform compulsory labour

TABLE II
LABOUR SERVICE ASSOCIATED WITH TENANCY

Tenurial Group	Voluntary Service				Compulsory Service			
	No of Tenants	No of Days	With Remuneration (No of Days)	Without Remuneration (No of Days)	No of Tenants	No of Days	With Remuneration (No of Days)	Without Remuneration (No of Days)
FIELD LABOUR SERVICE								
Combined tenant	2 (28.57)	25	25	—	5 (71.43)	96	96	—
Pure tenant	—	—	—	—	6 (85.50)	118	118	—
DOMASTIC SERVICE								
Combined tenant	2 (28.57)	10	10	—	5 (71.43)	15	15	—
Pure tenant	—	—	—	—	6 (85.50)	20	20	—

NOTE: Figures in parentheses indicate percentage of the total number of respondents in each group.

services in the lessors' fields for an average of 118 days in a year. They reported that, though they were paid wages for their labour, it was compulsory for them to render service in lessors' fields; otherwise, they would have lost the tenancy.

In the case of combined tenants also, 71.43 per cent had to perform compulsory service on the landlords' fields for 96 days on an average, with remuneration. The number of days of compulsory service for combined tenants was found to be less than that for pure tenants indicating that pure tenants had weaker bargaining power and they had to accept the conditions imposed by the lessor because of their more precarious conditions.

In some cases compulsory domestic service by the tenants in lessors' houses was also reported. As for example, six (85.50 per cent) pure tenants had to provide compulsory domestic labour for 20 days in a year with wages paid for their labour. This was necessary to keep the lessors' land under their cultivation. As for combined tenants, 28.57 per cent rendered voluntary labour service at lessors' houses for which they were paid wages. Five (71.43 per cent) combined tenants had to render compulsory service at the lessors' houses for 15 days in a year with remuneration. Again, the duration of compulsory domestic service was comparatively longer in the case of pure tenants.

The practice of compulsory labour service has also been reported in some studies conducted in the neighbouring states. For example, Bharadwaj and Das,⁷ in their study of Orissa, found that there were considerable variations in labour service rendered—some was compulsorily taken, some was reportedly voluntary, and in some cases no such condition was attached. In general, there was unspecified labour service attached to the lease. Sometimes such items as fuel wood was demanded free, or a cash equivalent had to be paid.

On the basis of the above findings, it can be concluded that subsistence tenants in a traditional agrarian community have, to some extent, a status comparable to that of attached or bonded labour.

iii) *Security and length of lease*: It was found that in leasing out land, there was no custom of taking security in the area under study (Table III). This may be due to the confidence of lessors in their lessees on account of their long association and the latter's dependence on them.

Out of fear of the Bataidari Act, lessors generally prefer to lease out their land for a short period and frequently change tenants. They take this precaution so that a tenant having a long lease may not claim occupancy right on the leased-in land under the Bataidari Act.

When asked about the length of lease, every one of the pure and combined tenants reported that the minimum period for which a particular land was leased out to them was one year. Further, when asked about the maximum period of lease, 57.14 per cent of both pure tenants and combined tenants reported that the maximum period ranged between three and six years, while the remaining 42.86 per cent of both the

TABLE III
SOME TERMS AND CONDITIONS OF THE LEASE AGREEMENT

Tenurial Group	Security		Length of Lease					Status of Terms and Conditions	
	With	Without	Minimum Period		Maximum Period			Verbal	Written
			Less than 1 year	1 year	More than 1 year	3-6 years	6-9 years	9-11 years	
Combined tenant	—	7 (100.00)	—	7 (100.00)	—	4 (57.14)	3 (42.86)	—	7 (100.00)
Pure tenant	—	7 (100.00)	—	7 (100.00)	—	4 (57.14)	3 (42.86)	—	7 (100.00)

NOTE: Figures in parentheses indicate percentage of total number of respondents in each group.

groups reported that the maximum period varied between six and nine years. This shows that most of the landlords were changing the tenants frequently. There may be three reasons for it. First, during a short period, the landlord might be in a position to know the capacity of the tenant as a cultivator and arrange for another more efficient lessee. Second, the terms and conditions accepted by a new tenant might be more favourable to the landlord. Third, as pointed out earlier, the landlord might be afraid that the tenant, if given a long lease, might claim his right of ownership over the land under the Land Reforms Act. Some of the studies conducted in the neighbouring states also point the frequent change of tenants to the fear of Bataidari Act and shorter leases have been found to be quite common.⁸

iv) *Status of terms and conditions:* Out of fear of the Land Reforms Act, lessors generally prefer to fix terms and conditions orally and not in a written form, so that lessees do not have any written document against the lessors in the court.

As indicated in Table III, all the pure and combined tenants reported that the terms and conditions accepted by both the parties were verbal and not written.⁹ Perhaps this was the reason why at the Block headquarters, there was no documentary evidence of the amount of land under tenancy. In all the cases, there was private arrangement which the lessors and the lessees made by mutual understanding. In cases of violation of the terms of contract, therefore, judicial relief could seldom be obtained by the adversely affected party. People with weaker bargaining power are bound to lose in such a situation as the poor tenants often do.

The Lessor-Lessee Relation

When asked about the care they took of the leased-in land, all the combined tenants replied that they took better care of and gave greater preference to their own land in comparison to leased-in land. The reason for this attitude is obvious: all the produce grown on the owned

land will be their own, while a substantial share of produce grown on the leased-in land will go to the landlord. In the case of pure tenants, however, the situation is different. They try to maximise production on leased-in land with all available resources (including family labour) so that in the absence of alternative sources their requirement of foodgrains is met by their share in the produce.

Threat of eviction was found to be quite common. All the tenants faced the threat of eviction from the landlords' side. Landlords generally evicted their tenants on the pretext of inefficiency.

Six out of seven pure tenants (85.72 per cent) did not get any loan from their lessors during crisis periods, while one (14.28 per cent) could get Rs 500 in cash and Rs 200 in kind during a crisis period. Not even a single combined tenant could get any loan from the lessor either in cash or in kind. This shows that in the area under study, loan is not considered obligatory while making a lease contract. So far as aid and assistance are concerned, out of 14 tenants, none could obtain any aid or assistance during a crisis from their lessors either in cash or in kind. All attributed it to landlords' rigid and exploitative attitude in cases of crop failure. It was a common observation in the area that if a particular tenant was not in a position to cultivate due to lack of funds, the landlord leased it out to some other tenant. While comparing the attitude and dealings of lessors during crisis periods in other states, one finds the situation in Bihar comparatively more unhealthy and serious.¹⁰

It was found that all the lessors preferred to lease out land to tenants having small owned land (50 per cent of the combined owners preferred even pure tenants having no land of their own) because such tenants would take intensive care of the land. Similarly, all of them preferred tenants with large families because of the greater number of workers available in those families, and also because, with small owned land and large families, the tenants would be under greater compulsion to cultivate the leased-in land more efficiently. Such tendencies of lessors have also been confirmed by investigators in other states of the eastern region.¹¹

Out of eight combined owners, two (25 per cent) wanted to lease out their worst land, while six (75 per cent) had no preference with respect to the quality of land to be leased out.

Out of eight combined owners, three (37.5 per cent) wanted to lease out smaller plots because of the fact that good quality of cultivation is not possible on small plots. They preferred to keep larger plots with themselves for better cultivation by them. The remaining five (62.5 per cent) were indifferent to the size of the plot to be leased out. Bharadwaj and Das have also found that the size of the leased parcels played an important role.¹² Most of the landlords preferred to lease out small plots with the idea that the tenant families work harder on smaller plots.

In general, lessors like to lease out their land to members of socially low castes or scheduled castes with the idea of having better

control and pressure on them. Quite surprisingly, however, in the present study, neither any rent receiver nor any combined owner reported his preference for low caste or scheduled caste tenants.

Conclusion

The pattern of tenancy, terms and conditions and lessor-lessee relation discussed above in a traditional agrarian setting of North Bihar gives an impression that, in spite of growth in agricultural production and to some extent technological change in Bihar, subsistence tenancy on terms which are extremely unfavourable to the tenants continues to be a prominent feature of the agrarian scene in this region.

The condition of the subsistence tenants can be improved only when land goes to the real tiller. But ineffective and poor implementation of the Bataidari Act does not offer much hope. The fact remains that, notwithstanding the ban on leasing except in certain cases, so far as Bihar is concerned, a large number of unrecorded tenancies exist and no ownership rights can be conferred on the tenants.

The first thing that may be suggested in this connection is that all tenancies should be recorded because no ownership right can be claimed or given unless the land records show that a particular piece of land is cultivated by a tenant. But the problem is that the moment the lessors will learn that the government is contemplating such a move or has actually asked the revenue officials to record the tenants' names, they will ask their tenants to surrender the land immediately.

It is sometimes argued that an open and regulated tenancy may be far better than an ineffective abolition of tenancy. There is something to be said for this view. But even "regulated tenancy" of this kind can have positive effects only if the regulation measures are effectively implemented. But in a situation where tenancy is not even properly recorded, an effective implementation of tenancy regulation may be too much to ask for.

B N VERMA

R R MISHRA

Rajendra Agricultural University, Pusa, Bihar.

- 1 H Higgs, "Metayage in Western France", *Economic Journal*, Vol V, 1894, pp 1-13.
- 2 M V Nadkarni, "Tenants from the dominant class: A developing contradiction in land reforms", *Economic and Political Weekly*, Review of Agriculture, December 1976 (Nadkarni gives a long list); Pranab Bardhan, "Trends in land relations: A note", *Economic and Political Weekly*, Annual Number, 1970, p 266; K N Raj, "Ownership and distribution of land", *Indian Economic Review*, April, 1970; V S Vyas, "Tenancy in a dynamic setting", *Economic and Political Weekly*, Review of Agriculture, June 27, 1970; M L Dantwala and C H Shah, "Pre-reform and post-reform agrarian structure", *Indian Journal of Agricultural Economics*, July-September 1971; V M Rao "Two perspectives on redistribution of land", *Economic and Political Weekly*, Review of Agriculture, March 30, 1974; Krishna Bharadwaj and P K Das, "Tenurial conditions and mode of exploitation: A study of some villages in Orissa", *Economic and Political Weekly*, Annual Number, 1975; Ashok Rudra, "Against feudalism", *Economic and Political Weekly*, December 26, 1981.

- 3 V I Lenin, *Collected Works*, Vol 15, p 102.
- 4 H Laxminarayan and S S Tyagi, "Inter-state variations in types of tenancy", *Economic and Political Weekly*, Review of Agriculture, September 24, 1977, pp A77-A82.
- 5 R Khasnabis and J Chakravarty, "Tenancy, credit and agrarian backwardness: Results of a field survey", *Economic and Political Weekly*, Review of Agriculture, March 27, 1982, pp A21-A32. The authors observed that, in West Bengal, in 23 per cent of the cases of sharecropping, the lessees' share varied between 75 and 50 per cent and that of lessors varied between 25 and 50 per cent. In HYV crops, a 50 per cent sharing of the crop required cost participation on a 50 per cent basis. In cases of no cost share, the tenants had a higher share of the crop. See also, K Bharadwaj and P K Das, *op cit*. In Orissa, the authors observed that in unirrigated areas, the usual share for paddy, the main crop, was 50:50 for older tenants but the more recent sharing was done on 2/3-1/3 or 60:40 basis, the larger share accruing to the landlord. The fixed rent varied from 1.5 to 2 quintals of paddy per acre and this part of rent had been subjected to recent increase. In irrigated areas, the produce was shared on a 50:50 basis and the tenants' share of HYV paddy was 75 per cent of the produce. However, no definite pattern of sharing of byproducts was observed either in irrigated areas or in unirrigated areas.
- 6 *Earnings, indebtedness, cultivated holdings and assets of the weaker section households in rural areas of the states of Assam, Bihar, Haryana, J & K, Orissa, Punjab, Rajasthan, West Bengal & Uttar Pradesh*, 241 (I), Vol I, N S S Report, Govt. of India.
- 7 *Ibid*.
- 8 K Bharadwaj, and P K Das, *op cit*. V N Reddy and C S Murthy, "Backward Castes and Tenancy: A Village Study", *Economic and Political Weekly*, July 1, 1978, pp 1061-1076. In both the studies (the former in Orissa and the latter in Andhra Pradesh) shorter length of lease was observed with a maximum period of five years.
- 9 *Ibid*. Both these studies observed merely oral form of lease in Orissa and Andhra Pradesh.
- 10 V N Reddy and C S Murthy, *op cit*. Reddy and Murthy pointed out that in Andhra Pradesh, some landlords provided loans, either in kind or in cash, interest free in some cases, to the tenants in *kharif* (sometimes this provision of extending credit facilities formed part of the lease agreement) while in *rabi*, normally loans were not advanced. If someone happened to advance a loan in *rabi*, it was realised with interest. In *kharif* as well as in *rabi*, repayments were made in kind and cash, but repayment in kind was more popular. Also, R Khasnabis and J Chakravarty, *op cit*, reported that in West Bengal, the landlords were the most important single source of credit for landless tenants, while for tenants with land the most important sources of loan were other than landlords.
- 11 K Bharadwaj and P K Das, *op cit*. The authors observed that in Orissa, generally owner-tenants were preferred to pure tenants and the latter, in turn, to labourers, owing to the greater security of obtaining rent. In the case of labourer-tenants the lessors wanted the tenant to possess a plough while, in the case of owner-tenants, they preferred those who owned a small holding as they would work more intensively on leased-in land. Tenants with larger families were also preferred by all the landlords.
- 12 *Ibid*.

Tribal Development with Special Reference to North-East India

DESPITE THE GROWING importance attached by social scientists to the study of tribal development and the consequent prolific growth of literature on the subject, one has reasons to feel dissatisfied with the status of tribal research in India, which is marked, by and large, by a low level of sophistication.¹ No serious attempts have been made even to conceptualize the term 'tribe', and social scientists have willy-nilly accepted a legalistic definition. For them tribes are those which are included in the Scheduled Tribes list in the Consitution of India. The 414 tribes listed following the 1956 Presidential Notification differ greatly in their habitats, modes of production, degree of isolation, degree of acculturation, level of development, social customs, beliefs and so on. The anthropologist's conception of a tribe as a small, culturally distinct and economically self-sufficient community with a language of its own and an autonomous political organization is utterly inappropriate to the so-called tribal groups in India.² Some go to the extent of stating that the concept of a tribe is an anachronism in the present-day world, since there is no criterion to divide humanity into two branches, tribes and non-tribes. In the presen-day world, smaller, isolated, technologically backward communities have either become extinct or have become part of one or the other greater civilizations of the world.³ It is unfortunate that, following classical colonial anthropology, Indian anthropologists have depicted tribes as small, self-contained, self-sufficient and autonomous communities practising subsistence economy with the lack of or limited external trade, in which exploitation and social conflict have no place. They have attempted to demonstrate the non-existence of any differentiation among the tribal population and, thus strengthened and propagated the same myth of homogeneity held and propagated by political leaders and populists.⁴ Failure to take cognizance of the uneven distribution of assets among tribal households, expansion of trade, political centralization and emergence of an exploiting group based on antagonistic production

relationships has been responsible for evolving inappropriate strategies for tribal development.

Another superficial approach to the problem of tribal development emanates from equating tribal areas with any other economically backward area and recommending identical packages of measures for their uplift. Tribals, as a class, are viewed as poor;⁵ they are described as constituting the matrix of Indian poverty.⁶ Quite apart from the fact that scantiness in some tribal societies, particularly those living in inaccessible regions, may just represent a mode of living in their natural setting, rather than being reflective of their poverty,⁷ the approach oversimplifies the complex problem of tribal development by making it a purely economic one. The problem is more basic and includes, apart from economic development, preservation of ethnic identity, ecology, language, culture, style of living, indigenous practices, etc. A mere plan of economic development would be utterly inadequate. Along with economic planning, there should be social and political planning in an integrated manner.⁸

Tribes in India are not only numerous, but also differ widely in their habitat, level of development, modes of production, exposure to the wider world, traditional values, customs, beliefs, etc. There are tribes living in inaccessible hill tops, having minimal contact with the world beyond them. There are tribes in the plains living with non-tribal population and obviously having a large degree of interdependence. There are tribes practising diverse modes of production, right from hunting, fishing, fruit-gathering to being engaged as industrial-urban workers. Some tribes have gone far ahead of others educationally. There are tribes with collective ownership of land and forest resources ensuring an egalitarian and unstructured social set-up and exhibiting a strong sense of solidarity. There are also tribes having individual ownership of property leading to a structured society akin to our own. While there are tribes which have been coming into the fold of the Hindu cultural pattern, there are those which are moving in the opposite direction.⁹ The movement from the tribal to the peasant has not been a unidirectional one.¹⁰ With such diversities, attempts to evolve a general scheme of tribal development, having universal application to all tribes in India, are bound to be abortive. Tribal development, because of the diverse situations, has to be area-specific.

Tribes in the North-East

Diversity is also a characteristic of the tribal population of the north-eastern region of India. However, tribes of this region may be divided broadly into hill-dwelling and valley-dwelling with distinct economic problems. The economic problems of the valley-dwelling tribes are not basically different from those of the Indian peasantry in general. Because of their long exposure to the national economy, polity and society, they have retained very little of their indigenous economic

and political practices and institutions. Save some social practices and physical features, they are indistinguishable in their modes of production and pattern of consumption from the non-tribal peasant class. Money has made inroads into these societies. Division of labour on the basis of skill has taken place. Private ownership of resources has taken firm roots resulting in social stratification. Because of non-insulation from stronger national forces, the areas inhabited by plains tribes have become, by and large, more impoverished economically. Barring the case of the elite, members of which are extremely limited in number, the great majority of the plains tribal population has been reduced to a position of poor peasants. As a class, they probably represent a classic case of poverty within poverty. As geographical areas, they are grossly deficient in infrastructural facilities. These tribes suffer from land alienation, landlessness, land fragmentation and outmoded agricultural practices. Here the strategy for tribal development must be both area-specific and household-specific. Apart from creating additional infrastructural facilities like transport and communication, education, health and hygiene, irrigation etc, specific family-oriented schemes for the uplift of those living below the poverty line must be initiated. Utmost importance should, however, be placed on the formation and development of local skills so that the tribals can diversify their occupations and partake increasingly of the benefits of national developmental measures. Legislative measures granting them some special concessions can also be of some help, although too much of protection for too long a period may prove detrimental to them in the long run.

Tribes living in the hills, with some minor exceptions, are not yet integrated into the national economy. Their contacts with the national economy have been minimal largely because of the difficult terrain of their habitation and partly because of deliberate policy measures. Only recently they have been exposed to the national economic system to some extent. Attempts to extend the national economy to these communities in a haste in the name of tribal development are likely to be counter-productive of development, besides setting in motion waves of social unrest. In fact, the emergent tribal identity or the recent trend towards retribalization can be attributed to a large extent to their sudden exposure to the national economic forces. Let me elaborate this at some length.

The national economy of India is money controlled and dominated substantially by mercantile and industrial capital. It has links with the world economy, which, in its turn, is dominated by multinationals of industrial capitalist countries. The multinationals have their stronghold in all the developing countries, including India. Being a money economy with private ownership of the means of production, individualism and profit motive are the mainsprings of Indian national economy. The tribal communities, on the other hand, are far from being fully monetized. A large volume of transactions still takes place within these

communities through barter. Money as a medium of exchange is used mostly to settle transactions with the non-tribals, which are analogous to external trade. Money has not emerged in the tribal communities as a store of value (status symbol), measure of value and standard of deferred payments. Although periodic markets exist in these societies where small quantities are bought and sold, often without the use of money in face-to-face transactions at the market site, the market mechanism as the resource allocative device has not developed. A market for factors of production has not come up. In fact, the entire tribal setting is different. Production is meant primarily for self-consumption, not for transactions. All members of a tribal family, including children, take an active part in production. The technology used is indigenous which fits well into the ecological surrounding. There is a complete absence of machine technology. Collective endeavour is a strongly developed feature in such a society, which can be observed in many economic activities. Here the tribals live in a world of their own. Life is one of great physical hardship, but the tribal life in the hills is also one of gaiety and merriment. Being an insulated society, a tribal community hardly produces any surplus over what is required for self-consumption. The sense of solidarity and strong community feelings preclude anything like poverty in such societies.

It is these tribal societies which are expressing their agonies of transformation with the entry into the national economy. Development, to a non-tribal, means more roads, more industrial units, more production and consumption, more saving and investment. But when roads (railway lines) are constructed linking the long isolated hill tribal areas, more people come from outside, not for sight-seeing, but for gaining economic advantages. There is land grabbing; tribal land gets alienated. The tribals develop a taste for industrial products. Not having the means to get their wishes fulfilled, they get indebted to the traders and moneylenders, who begin to gain effective control over the tribal resources. Whenever an industrial unit is set up in a tribal area, there is again an inflow of people from other areas to man it, since local expertise for this kind of work is lacking. The tribals, uprooted from their soil, become, at the most, wage earners in the factory. The national market is extended. Money takes a firm grip, making the earlier style of life, indigenous economic, social and political institutions irrelevant. There is even a threat of the tribal population becoming a minority. The fear of losing their ethnic identity looms large on the horizon.

If development entails turning the masters into slaves to some modern gadgets, will it not be wiser not to extend the national developmental measures to these tribal societies by legally insulating them from the rest of the national economy? The answer is in the negative. First, the hill tribal areas constitute a segment, and a very important segment, of the national economy. It is here that the mineral, forest and water resources are located and national economic development demands

utilization of these resources. However, haste must be avoided. The pace and intensity of utilization of resources must be in a manner which produces the least adverse effects on the tribal societies. Secondly, measures to insulate these societies are not going to work for long. Capitalism represents too strong a force to be contained by legislative devices. Getting themselves integrated into the larger economic order appears, therefore, to be the only way out even in the interest of the tribals themselves. What should be emphasized in the development strategy for hill tribal areas is softening the impact of the changeover and preparing the tribals to accept the challenge with greater ability and vigour. Some of the indigenous institutions will become irrelevant; they will die down. Some will be adjusted to the new economic order and some retained as they are.

The strategy of tribal development also requires defining in clear terms the contents of development for the tribals. These are bound to be different from the national contents. Economic development for the tribals, and also for the north-eastern region, as I have defined elsewhere,¹¹ is a persistent rise in per capita income in real terms emanating from increased domestic factor productivity without accentuating economic disparities. This must be achieved while minimizing the adverse effects on future resource availability and ecology and without jeopardizing, ethnic identity.

Development, whether tribal or otherwise, is a value loaded term as it signifies a process of change in the desired direction. It is an indivisible whole, although for the sake of convenience it is decomposed into economic, political, cultural, educational, spiritual and the like. It is a harmonious, balanced progress in different spheres of individual and societal life. Lop-sided progress in one sphere is often at the expense of progress in another (others). When this happens, overall development, which we want to maximize, becomes a casualty.

ATUL GOSWAMI

Department of Economics, Dibrugarh University, Dibrugarh.

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The Eighth Finance Commission

GIVEN the overall context of Centre-state financial relations in India, the task of the successive Finance Commissions has basically been the determination of the extent to which the heavy tilt towards the Centre can be compensated for by tax devolutions and grants-in-aid to the states. If we take into account the advisory nature of the Commissions' recommendations and the limited room for manoeuvre that they have in the present constitutional distribution of the power to tax, it comes as no surprise that the recommendations of the Finance Commissions are remarkably alike.

The Eighth Finance Commission, however, has made two recommendations which are out of the ordinary and deserve mention. Firstly, it has recommended that the states' share in divisible excise duties be raised to 45 per cent (from the 40 per cent recommended by the Seventh Finance Commission), and that the additional 5 per cent be reserved exclusively for the 11 states facing major deficits on current account. This recommendation not only seeks to increase the states' share, but also improves the relative shares of the deficit states. Secondly, it has recommended that the grants-in-aid component of Centre-to-state financial transfers be raised by 5 per cent every financial year. This recommendation implies that a total grants-in-aid of Rs 1690.93 crores will be payable to the states over the period 1984-1989 against a nominal total deficit of Rs 1513.12 crores for the same period. Thus, this recommendation seeks to redress a major grievance of the states that grants-in-aid, unlike tax shares, are fixed amounts without the advantage of buoyancy or a built-in growth component. It is clear, therefore, that the Eighth Finance Commission has sought to improve the relative position of the deficit states at the expense of the Centre, and for this reason its recommendations must be welcomed.

But against the backdrop of federal finances in India, it is debatable whether these recommendations will make a significant difference in the overall situation of the concentration of financial powers with the Centre. It is, of course, true that "the demands on the

Centre's resources also need to be remembered", as the Commission's report points out, and that expenditures on defence, food and fertiliser subsidies and interest payments are among the Centre's responsibilities. If 50 per cent of the Centre's revenues is being absorbed by these heads of expenditure, and if 37 per cent of the remaining 50 per cent is being transferred to the states on the recommendations of either the Finance Commission or the Planning Commission (Report, p 8), then it would appear that the states do not have grounds to complain.

Tax revenues, however, are not the only sources of finance available to the Central government. In addition to taxes, the Centre raises resources through borrowings (both internally and in the international market or through multilateral agencies) and through borrowing from the Reserve Bank (deficit financing in the Indian context). Both these sources, and especially market borrowings within the economy, are heavily biased towards the Centre, as the Eighth Finance Commission readily admits. Moreover, the distribution of taxes amongst the categories of 'must be shared' and 'may be shared' is such that most direct taxes (except the tax on corporate incomes) fall in the former category, while most indirect taxes, including, most importantly, Central excise duties, fall in the latter category. While the states have large shares in direct taxes, specially income taxes where their share is as high as 85 per cent, they have smaller shares in the indirect taxes (45 per cent in excise duties by the recommendation of the Eighth Finance Commission). It is the indirect taxes which are both high yielding (almost 80 per cent of total tax revenues of the Centre and the states are derived from these) and buoyant sources of revenue (indirect taxes account for the major share of the annual increase in tax revenues). Thus, for example, the contribution to states' revenue out of their share in income taxes has fallen behind the contribution of the states' share in excise since the Third Five Year Plan; for the period 1979-1984, while states' share of income taxes amounted to Rs 5,191 crores, their share of basic and additional excise duties amounted to Rs 15,914 crores.¹ Finally, the Centre's contribution to the states' revenues is again on the increase, being approximately 43 per cent for 1980-81,² compared to 41.1 per cent in 1975-76 and the all-time high of 48.1 per cent in 1971-72.³ It may not be out of place here to mention that the relative importance of transfers (of tax shares and grants-in-aid) as recommended by the Finance Commission is on the increase compared to transfers recommended by the Planning Commission and by other Ministries.

If these are the reasons why the Eighth Finance Commission's efforts to boost the finances of the states are to be welcomed, they are also the reasons why the attitude of the Central government towards the recommendations of the Commission should be a cause for concern. The Union government has, in effect, decided not to implement the recommendations of the Commission as contained in its final report (submitted to the President in April 1984) during the year 1984-85 but to postpone

their implementation until the next financial year in 1985-86. This is despite a clear statement by the Commission that its interim recommendations (which the Union Government is implementing) were in the nature of preliminary suggestions that would definitely need revision in the light of fuller investigations by the Commission. It is also not clear, moreover, what exactly is meant by the Centre's argument that attempts to implement the final recommendations would 'disrupt' the economy because some months of the current financial year were already past. The report of the Commission was submitted to the President on April 30, but was tabled in Parliament only on July 24, 1984, despite Parliament being in session for a fortnight following April 30, which makes the Centre's argument even more puzzling.

The Centre's decision to shelve the implementation of the final recommendations of the Commission until the next financial year will hit 11 deficit states the hardest. Two recommendations that are affected in a major way are those relating to the setting aside of an additional 5 per cent of excise revenue to be shared among the deficit states, and the devolution of grants-in-aid under Article 275 of the Constitution. By not implementing these two recommendations in the current fiscal year the Centre stands to gain Rs 450 and Rs 644 crores respectively, which it would otherwise have had to hand over to the deficit states. In fact, taking into account the overall effect of the Centre's decision, a sum of about Rs 2,000 crores is at stake as revenue that the Finance Commission has earmarked for the states, but which they stand to lose.

What is important here is that it is the 11 deficit states—those facing a grave financial crisis—which are being denied revenue (with the possible exception of Rajasthan, which is expected to return to the black after 1984-85 if, that is, it gets its grants-in-aid for 1984-85 in the first place!). Given the general framework of federal finances, such a situation does not bode well for the future financial wellbeing of the states. Perhaps it is not entirely irrelevant that the current year is to witness a general election (or so one hopes!), that most of the states which stand to lose are in the north-east (Assam, Manipur, Meghalaya, Nagaland, and Tripura) or are not controlled by the ruling party (West Bengal and Tripura and, at the time the Report was submitted, Jammu and Kashmir). On the other hand, the cynic would perhaps argue, after the recent events in Andhra Pradesh, that pulling the purse strings is a dispensably subtle means of controlling the states in the present political climate.

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1 Eighth Finance Commission Report, pp 156-157.

2 Report on Currency and Finance, Vol II, p 107

3 National Institute of Public Finance and Policy, "Trends and Issues in Indian Federal Finance", p 41.

BOOK REVIEW

DANIEL DANIN, *PROBABILITIES OF THE QUANTUM WORLD*, Mir Publishers, Moscow, 1983, pp 269.

IN THE YEAR 1900 when classical physics could well feel complacent for having provided explanations for the physical phenomena in terms of elegant mathematical equations, one of its ablest exponents, Max Planck, dealt it a severe blow with far reaching implications with which he himself could never reconcile. On December 14, 1900, Planck reported to a meeting of the Berlin Academy of Sciences Physical Society on his attempt to overcome one of the difficulties of the theory of thermal radiation. Planck's postulate, blasphemous for the classical religiosity to which he adhered, was that energy is absorbed and emitted in bundles as against the continuous transfer assumed in classical physics. This seminal idea of energy packets marked the beginning of a revolution of unprecedented magnitude in physics.

In a short period of three decades thereafter, the edifice of quantum mechanics was built, in which scientists from all over the world participated. Danin's book is a fascinating account of this most turbulent revolution in the history of natural sciences which is told not in a logical order but "as a mixture of ideas and passions, moments of inspiration and despair, joy and sadness...".

The book is based on the rich material available in the archives of Bohr Institute of Theoretical Physics in Copenhagen, the capital of the quantum revolution. In 1960 a project was conceived to collect live records of the participating scientists' recollections of the high drama between the period 1898 and 1932 "without parallel in the last three hundred years". Headed by Thomas Kuhn, a competent team of researchers took 175 interviews between 1962 and 1964. Under the project, recollections of Enrico Fermi (d. 1954), Albert Einstein (d. 1955), John von Neumann (d. 1957), Wolfgang Pauli (d. 1958), Abram Ioffe (d. 1960) and Erwin Schrodinger (d. 1961) could not be recorded, but it contains 12 interviews by Heisenberg, five each by Bohr and Dirac, three each by Bohr and Oppenheimer, etc.

From hindsight, the development of scientific theories and therefore the history of scientific cognition appears to be a smooth cumulative process. However, the actual struggle waged by the participants with their prejudices, clash of opinions requiring the boldness bordering on madness and the interplay of creative imagination and hard facts, make one realise that underneath the process of development of science

lies a complex of intricacies and dramatic events, an understanding of which is essential to demystify science. The task of adding to the content of scientific knowledge is arduous and the path traversed by those who do this job is tortuous. The succinct history of one of the major revolutions in physical sciences, told by Danin with compassion, underscores "science is a human enterprise. In the crucial period of its history the quarrels between logic and imagination are very similar to those happening in every day life...."

In 1900, when Planck postulated that radiation or energy is transferred discretely in quanta, he had only considered it as a "mathematical technique". Steeped in the classical tradition, he was not at all prepared to renounce the principle of continuity in physical processes. Bohr rather strongly summed up Planck's attitude to his own discovery: "In some sense it can be said that he used the last forty years of his life, not to say fifty, to try to get his discovery out of the world."

In 1905 Einstein carried Planck's idea to its logical conclusion when he argued that radiation was not only exchanged in discontinuous packets but it actually existed in discontinuous packets. Beam of light comprised not a smooth flood of electromagnetic energy but consisted of separate wave packets known as photons.

As against Planck, for whom the theory of quanta remained a source of continuing torment, Einstein, despite his very strong reservations and opposition to the direction of development of quantum mechanics in the following years, had observed: "One cannot regard a concept as senseless only because it differs from classical physics."

Basing himself on the idea of quantum of action, Niels Bohr suggested a theory of the atomic structure that took physics conclusively beyond the limits of classical theory. According to the Rutherford-Bohr model of the atom, every atom was occupied by a heavy, positively charged nucleus around which electrons revolve, like planets moving in definite orbits. The 'puzzling' feature of Bohr's theory was that the orbits in which the electrons could revolve were discrete. Bohr's model had the unclassical feature of forbidding electrons from emitting light when revolving in the allowed orbits. When the electron drops from some higher orbit to the lowest of the allowed orbits, only then does the atom emit a quantum of light. The electrons revolved around the nucleus according to the laws of classical mechanics but between these orbits they emitted light according to the quantum laws of Planck.

Having recommended Bohr's paper for publication, Rutherford wrote to Bohr: "Your ideas as to the mode of origin of spectra in hydrogen are very ingenious and seem to work out well; but the mixture of Planck's ideas with the old mechanics makes it very difficult to form a physical idea of what is the basis of it all."

Such was the conceptual chaos in those days in the world of physics that Lord Rayleigh, sixty then, said that he would not take part in

this discussion. Otto Stern, in 1913, at the age of twentyfive, vowed that he would drop physics "if this nonsense proves to be true". Max von Laue, a former assistant of Planck, said, "Rubbish...the electron at the orbit must emit radiation." Einstein made the terse and rather prophetic remark: "No, this is remarkable! There is something behind it...."

The question that came to the forefront was one of establishing a logical relationship between the quantum postulates and the classical mechanics. With the characteristic courage of a revolutionary, Bohr traced this relationship which he then called 'similarity considerations', later formulated as 'correspondence principle'. According to this principle, as we move from the microscopic world to the macroscopic world discreteness is gradually transformed into continuity; the quantum laws give way bit by bit to classical laws. The physical unity of nature is brilliantly confirmed since there are no border posts in nature declaring: "Up to here the domain of Galileo, Newton and Kepler and from there the domain of Planck, Einstein and Bohr."

The development of the theory was really bizzare. It survived by audacious ad hoc hypotheses put forth by its proponents to meet the classical challenge. Heisenberg admitted later, "We aimed our efforts not so much at deriving the correct mathematical relations as at making guesses about them, proceeding from their similarity to the formulas of the classical theory." Sommerfeld wrote to Einstein at the beginning of the twenties: "Every thing is going well but the basic foundations remain unclear." Another founder-contributor to the theory, Max Born said the foundation of Bohr's theory was quite-mysterious. Einstein exclaimed, "If I only knew which nuts and bolts God uses here!"

In 1924, de Broglie further confounded the confusion by postulating that just as radiation consisted of particles, matter displayed wave-like properties. The amazing hypothesis was confirmed in 1927. The idea of wave-corpuscular duality of both radiation and matter led to the development of wave mechanics and matrix mechanics by Schrodinger and Heisenberg respectively. The breakdown of the integral picture of nature was complete, which made Bragg comment that physicists were reduced to thinking of light as waves on Mondays, Wednesdays and Fridays and as particles on Tuesdays, Thursdays and Saturdays.

The two versions of the mechanics of the submicroscopic world were shown to be describing the same thing in different languages. But in the process of development of their respective theories, they intently hated each other's methods. Heisenberg wrote to a friend: "The more I think about the physical side of the Schrodinger theory the more revolting it seems to me." Schrodinger said, "This difficult (Heisenberg) method seemed to me depressing if not revolting...."

Despite the personal whims and predilections of the proponents of these ideas, the psi-function of Schrodinger was given a probabilistic interpretation by Bohr and the matrix mechanics yielded yet another

bizarre conclusion known as Heisenberg's 'uncertainty relations'. The psi-function gave the probability of finding a micro particle and the uncertainty relations put a limit to the accuracy with which the values of two variables (position and momentum, say) determining the micro particle could be specified.

The classical ideals of clarity, continuity and rigid determination were in mortal danger in the face of wave-particle duality, quantum of action, probabilistic interpretation and uncertainty relations. A veritable chaos followed amidst a fierce struggle of ideas which, as was to be expected, was not confined to physical sciences alone. The questions of world-view and philosophy needed a serious reconsideration.

Idealistically inclined physicists and philosophers saw in the new developments a renunciation of the concepts of objective reality and causality. While reality was said to depend on the observer, the electron was ascribed a free will.

Scientists involved in the quantum revolution deeply reflected on the structure of nature and the structure of our knowledge of nature. Bohr was tormented by an urge to explain how nature could reconcile the concepts of particles and wave despite their incompatibility.

Bohr propounded his views in 1927, the now celebrated complementary principle, according to which the strangeness of the grammar of the submicroscopic world lies precisely in its acknowledgement that the classically incompatible concepts or images are given by nature the right to complement rather than exclude each other. The vice of incompatibility taken to the extreme of total conflict in classical physics is transformed into the virtue of complementarity in quantum physics. The uncertainty relations were now seen as a manifestation of this general principle of complementarity indicating the irremovable limitations on simultaneous determination of the incompatible properties.

Then followed one of the most outstanding intellectual debates on the history of scientific knowledge—the Einstein-Bohr controversy on problems of quantum mechanics. The controversy is significant not only for its scientific but also for its general philosophic content.

Einstein's view of quantum mechanics was that it was an incomplete theory which gave a mere description of the phenomena of the micro world and did not reflect the physical nature of microscopic reality. The repeated and highly ingenious objections raised by Einstein, though successfully refuted by Bohr, contributed a great deal to the clarification of Bohr's ideas. It is in this process that quantum mechanics acquired its logical completeness.

In the 1927 Solvay Congress where the list of participants reads like a 'who's who' of the 20th century physics, the fierce and bitter debates between Bohr and Einstein led to a complete triumph of quantum mechanics. What Einstein's objections had contributed, negatively, was to redefine the classical ideals. The concept of reality in physics is changed: probability is no longer interpreted as the

measure of human knowledge but as the very essence of the phenomena of the microworld, objectively existing. The realisation that probability is an objective characteristic of the micro processes, that these processes are relative with regard to the type of instrument employed for observation, meaning thereby that the micro processes cannot be treated as independent from their surrounding macro and micro environment, were evolved during the controversy.

The debate also helped to clarify that the changed notion of causality does not open a back door for the idea of free will of micro particles. Micro particle existed before and irrespective of our observations but quantum mechanics refused to talk about the exact position of these without measurements. Uncertainty relations also show that the rule of chance in the microscopic world is not arbitrary since uncertainties exist in pairs and therefore mitigate the arbitrary dominance of chance. Another philosophical implication that came to the fore was that our concepts of natural phenomena have an objective content since a new theory defines the limits of applicability of an earlier theory and does not refute it absolutely.

The merit of Danin's book in telling this story of quantum revolution lies in an analysis, though very general and popular, of the intellectual motivations, psychological impediments and accidental factors that played a role in this momentous event in physical sciences. As he notes: "It is very difficult to surrender the classical concepts. It was no less difficult for the creators of the new understanding of nature than it is for us. In fact, it was more difficult for them since we do not have any responsibility in the matter while it bore heavily on them. They paid for it with the price of deep inner confusion—the traditional approach to things was reluctant to give way but had to do so. For some veterans of the quantum revolution this inner confusion led to a life-long spiritual unrest." Perhaps the most poignant example of such despair is the statement of Lorentz who said, "My only regret is that I did not die five years back when every thing still seemed clear to me."

The anecdotal quality of the book lends to its extreme readability. The anecdotes recounted by Danin from the archival material of scientists' own reminiscences show the frailty of human nature, conservatism, arrogance as also broadmindedness of the participants which confirm that drama of ideas involves a drama of human beings.

To cite: In Munich the young Heisenberg felt free to talk heatedly about the unwarranted confidence of Schrodinger in the wave packets, and he started to criticise him for his generalisation of waves. Wien still remembered how scarcely three years ago this same university graduate had not been able to answer his question during the examination about the resolving power of the microscope (!). It was only through the intercession of Arnold Sommerfeld that the immature youth had been awarded the degree of doctor of philosophy. Wien told him, "Young man, you have yet to learn physics and it would be better

if you were good enough to resume your seat." Yet another interesting piece is Paul Langevin's comment on de Broglie's fundamental work: "His ideas, of course, are nonsensical but he develops them with such elegance and brilliance that I have accepted his thesis."

The quantum revolution and the developments since have affirmed that the process of finding out about the "nuts and bolts" of the universe is an inexhaustible process; so very often, having descended to the very bottom you hear a knock from below.

RAJENDRA PRASAD

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Subaltern Studies II □ History in
Present Tense: on Sumit Sarkar's
Modern India □ Peasants in Revolt

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CONTENTS

Editorial Note

1

Subaltern Studies II

— Sangeeta Singh, et al. 3

*History in the Present Tense: on Sumit Sarkar's
'Modern India'*

— Arvind N. Das 42

Peasants in Revolt

— Pratap K Tandon 68

*Articles, notes and reviews express the views of the authors and not
necessarily of the editors or of the Indian School of Social Sciences.*

Editorial Note

READERS WILL NOTICE that with effect from the current number of *Social Scientist* the editorial team of the journal has been expanded. Such an expansion has been long overdue. The tiny editorial board with which the journal has been functioning until now has been extremely hard-pressed. Its familiarity with research work going on at the various centres of the country has, of necessity, been somewhat limited; this fact, coupled with the hand-to-mouth existence in terms of contributions which the journal has led until now, has meant that a disproportionately large share of articles has come from the immediate environs of the editorial team. As a result, while the journal has acquired a large national readership, its catchment area for articles has remained rather narrowly circumscribed. While this might have sufficed in a period of transition, when the main objective was to ensure somehow that the journal appeared every month, the very success in stabilising its fortunes now requires that it should rise to its role as an all-India journal, drawing in contributors from all over the country and publishing quality articles on a wider range of topics. The editorial team has been expanded with this end in view. Even though the loss of Kitty Menon to the editorial board on account of her other preoccupations would be a serious blow, the new team, consisting of illustrious academics as well as active young scholars in different disciplines and drawn from different regions in the country should enable *Social Scientist* to realise its objective of becoming a high-quality journal of theoretical research.

The current number of *Social Scientist* has a somewhat unusual form: it consists exclusively of three lengthy review articles each of which discusses a recently-published work on Indian history. Our objective is not only to give the readers a flavour of some recent historical research on "modern" India, but also to introduce them to the historiographical perspectives within which such research is conducted, and the controversies surrounding these perspectives. An important tendency in modern Indian historiography is the one which is rejected in the volumes entitled *Subaltern Studies* that Ranajit Guha has been editing. This tendency does not just call for, and undertake, a more extensive study of the struggles of subaltern classes; its aim is not a mere widening of the boundaries of historical research to include within its perimeter the hitherto neglected but real heroes of history. It insists that these struggles be studied in a particular way, that there is scope for an

"elitist bias" even in studying these struggles, which should be purged. In the process it has developed a new and specific historiographical perspective, underlying which, of course, are specific ideas about the nature of subaltern struggles and consciousness.

These ideas and their ramifications have been extensively discussed in the pages of this journal. When the first volume of *Subaltern Studies* came out, *Social Scientist* took due note of this tendency by publishing a number of contributions, by Suneet Chopra, Javeed Alam, Partha Chatterjee and Sabyasachi Bhattacharya, which assessed and debated the significance and moorings of this new tendency. In continuation of this interest, we publish as the lead article of the current number a contribution jointly authored by a group of young scholars from Delhi University which discusses the recently-published second volume of *Subaltern Studies*. The article is divided into a number of sections, each of which deals with a particular paper of the *Subaltern Studies* volume; Ranajit Guha's paper in the volume, which sets the tone for the volume as a whole, is discussed in the first section where it is argued that Guha's perspective has idealist underpinnings and differs in crucial respects from the basics of Marxist historiography.

Sumit Sarkar's *Modern India*, in synthesising the massive historical data unearthed in recent years, also attempted consciously to break with the elitist bias in Indian historiography and to contribute to a "history from below". Arvind Das' contention in the second review article of the current number is that this attempt has been far from adequate; the book is not sufficiently a "history from below". In establishing his contention, Das raises, by way of illustrations, a number of points relating to interpretations of recent Indian history which remain pertinent, no matter how one views his critique; at the same time he outlines his conception of a "history from below." This conception, and the historiographical perspective underlying it, may or may not find favour with other historians interested in a "history from below"; it certainly is rather different from the perspective which informs the lead article's critique of *Subaltern Studies*. Nevertheless, it is interesting and provocative enough to warrant serious discussion. Both these articles throw up between them enough issues, and indeed enough contrasts, to give rise to what we hope would be a fruitful controversy.

Finally, we publish a review article by Pratap Tandon on Kapil Kumar's book on the revolt of the Oudh peasantry against *talugdari* oppression in the 1920s. The book, in recovering this significant historical episode, had sought also to capture the texture of a peasant uprising, the complex relationship between the Congress and the peasantry as well as the contradictions of the national movement. The review article introduces the readers to the events and their interpretation contained in the book and joins issue with some of its formulations, particularly on the assessment of the role of religious leaders in peasant struggles.

*Subaltern Studies II: A Review Article**

I

RANAJIT GUHA, in "The Prose of Counter-Insurgency",¹ has tried to analyse the historiography of peasant movements in colonial India. His basic argument is that historians who have studied these movements have not considered the specific consciousness of the peasantry. They have either characterised the revolts as spontaneous uprisings or have studied only their social and economic background. Guha's complaint is that these historians regard rebellion as "external to the peasant's consciousness" (p 3). According to him, this problem arises not only because of the uncritical use of official sources by the historians, but also because of the historians' projection of their own consciousness into the subject they are examining. However, despite these criticisms, Guha does not provide us with an alternative framework, and the very problems he poses can in fact be questioned.

To establish the peasants' own subjectivity as the valid object of historical enquiry, Guha attempts a critique of the view that ascribes spontaneity to peasant rebellions. He can do so only by caricaturing it. Spontaneity is equated with hysterical, irrational, apocalyptic outbursts. This however is not the commonly accepted meaning of spontaneity. Spontaneity is not unpremeditated action but political action based on the actually existing consciousness of the people. Gramsci,

*This review article incorporates the contributions of Sangeeta Singh, Minakshi Menon, Pradeep Kumar Dutta, Biswamoy Pati, Radhakanta Barik, Radhika Chopra, Partha Dutta and Sanjay Prasad.

Sangeeta Singh teaches History at Lady Sri Ram College, Delhi University. Minakshi Menon is a research student of the Department of History, Delhi University. Pradeep Kumar Dutta teaches English at Bhagat Singh College, Delhi University. Biswamoy Pati teaches History at Shri Venkateswara Collage, Delhi University. Radhakanta Barik teaches Political Science at Zakir Hussain College, Delhi University. Radhika Chopra is a Resarh Scholar at the Department of Sociology, Delhi University. Partha Dutta is a Research Scholar at the Department of History, Delhi University. Sanjay Prasad teaches History at Hindu College, Delhi University.

who participated actively in the processes of political mobilisation, is a better guide to the characterisation of spontaneity. According to him, "it must be stressed that pure spontaneity does not exist in history: it would be the same thing as 'pure' mechanicity. In the most spontaneous movement it is simply the case that the elements of conscious leadership cannot be checked, these have not achieved any consciousness of the class for itself.... The fact that every spontaneous movement contains rudimentary elements of conscious leadership, of discipline, is indirectly demonstrated by the fact that there exist tendencies and groups who extol spontaneity as a method. ... They are not the result of any systematic educational activity on the part of an already conscious leading group, but have been formed through everyday experience illuminated by commonsense, i.e., by the traditional popular conception of the world."²

According to Guha, spontaneity is synonymous with reflexive action, so that in order to rescue the peasants from 'spontaneity', rebellion is posited as "a motivated and conscious undertaking on the part of the rural masses" (p 2). At the empirical level the assertion is true—all praxis is motivated and conscious goal-oriented activity. But at the level of historical analysis this truism is meaningless simply because it is universal and cannot be used to analyse specific situations. Spontaneity is action on the basis of traditional consciousness. Guha is very clear that rebellions occurred on the basis of traditional consciousness. Thus although he apparently rejects characterisation of peasant rebellions as spontaneous, the whole piece is an attempt to rehabilitate spontaneity as a political method. This emphasis on the spontaneous context of peasant movements is inherent in the linguistic methodology employed by Guha. This linguistic analysis moves in the grooves of phenomenological methodology which recognises just experience and existence as legitimate categories. This will be taken up in detail later on.

Guha's idealism can be seen most clearly in his attempt to criticise the analysis of the social and economic conditions which generate rebellion. According to him, "factors of economic and political deprivation do not relate at all to the peasants' consciousness or do so negatively" (p 3). The acceptance of the primacy of social existence over consciousness does not mean economic determinism in the least. Even Levi-Strauss, who has devoted himself to the study of modes of thought and consciousness of cultures the world over, concedes the primacy of the economic infrastructure.³ According to him, consciousness is not just the reflection of the economic base of a society but is constituted as a result of the interaction of several institutions and structures. Guha however does not even recognise these mediations. He thus accepts the basic premises of idealism; peasant consciousness is rendered supra-historical as it is not determined by any objective historical forces. It is at a par with the Hegelian 'geist' which is not determined by history, while the development of history is the march towards the self-realisation

of this spirit. Guha's idealism consists not in emphasising the importance of consciousness, but in placing consciousness beyond the pale of historical determination or mediation. This leads to his assertion that the fundamental problem with the existing historiography of peasant rebellion is that "Cause is made to stand in as a phantom surrogate for Reason, the logic of that consciousness" (p 3).

The motivation for the study of causes, according to Guha, was to control rebellions. While this may be true of official historiography, it is doubtful whether it can be applied equally to present-day historiography. Here again Guha's understanding betrays the basic problematic of linguistic analysis in that it is incapable of proceeding beyond the discourse of the participants themselves. It is the basic premise of neo-positivism that all knowledge is to be derived from the experience of the subject. Further, the method of analysis restricts itself to the logical analysis of language. The discourse of the participants on analysis reveals the 'reason' for rebellion embedded in it. Following Wittgenstein, independent analysis of non-linguistic categories was forsaken.⁴ Guha follows this methodology in wanting analysis to concentrate on Reason and not Cause, since reason is the participants' perception of the rebellion. This 'immediacy' of analysis links up with the advocacy of spontaneity as a method.

The importation of the premises of linguistic analysis into history is crippling. For example, a similar analysis of the English Revolution of 1640-1660, would mean no analysis of causes except in terms of the logic of the consciousness of the participants. In this myopic vision, the English Revolution disappears and it is replaced by the Civil War, and in many places the Civil War itself has been made to disappear. It is this revisionist tendency which has been recently criticised by Christopher Hill.⁵ This tendency can also be seen in recent studies on the French Revolution which announce the demise of the revolution.⁶

The full effect of this methodology becomes apparent when we consider the national movement in India. If Guha's dictum is followed, the national movement vanishes and is replaced by so many struggles for local grievances. Methodologically there is little to distinguish this from the so-called 'Cambridge School' with its search for caste, religion and factional identities which constitute the logic of peasant consciousness.

Guha masks his idealism by formulating a critique of official, liberal and left historiography. The basic problem of existing historiography is that it does not consider the peasant rebel as "an entity whose will and reason constituted the praxis called rebellion" (p 2). The historiography of peasant rebellions is divided into three types of discourse—"primary, secondary and tertiary according to their order of appearance in time and filiation...differentiated from the other two by the degree of its formal and/or acknowledged (as opposed to real and/or tacit) identification with an official point of

view, by the measure of its distance from the event to which it refers, and by the ratio of the distributive and integrative components in its narrative" (p 3). The basic elements in this division of discourse is, firstly, the "identification with an official point of view", secondly, its distance from the event referred to, and thirdly, an examination of the components of the discourse. It is our contention that these categories serve primarily to break up the existing historiography into redundant categories and thus mask Guha's own idealism which has much in common with official historiography.

According to Guha, the primary discourse is "necessarily contingent on reasons of state" (p 4) and is characterised by "its immediacy". A further characteristic of this discourse is the fact of its being written by 'participants' who include not only people involved in counter-insurgency but also those involved "indirectly as onlookers" (p 4). It is clear from this that there can be no primary discourse that is non-official in character. This is certainly a strong proposition to make. For the nineteenth century one can still talk of a paucity of insurgent discourse, but for the twentieth century this proposition is certainly invalid.

The "massive documentation—'primary sources' as it is known in the trade" (p 4) consists not merely of official documents, but includes, as every student of history knows, popular songs, ballads and stories, as also letters, diaries, and reminiscences of the insurgents themselves. For the twentieth century one can refer to the private papers of rebel leaders like Baba Ramchandra or the voluminous published works of the Kisan Sabha leaders like Awdheshwar Prasad Singh, Sahajanand Saraswati, N G Ranga, Sunil Sen etc, which deserve to be treated as primary source.⁷ From Guha's account it would seem that the historians of peasant movements make no use of such primary material. Guha's critique of the existing historiography of peasant movements is flawed from the start, as the use of the 'primary discourse' in historiography is criticised heavily as uncritical acceptance of the official prose of counter-insurgency. The way out, according to Guha, is to subject this official discourse to linguistic analysis (pp 9, 10). However, in the same article when he criticises historians for ignoring the religious consciousness of the peasantry, he quotes uncritically from official reports (pp 34, 35) without subjecting them to the same rigorous analysis of "functions/indices", linear sequences, metaphoric and metonymic relations etc, for the absence of which he berates existing historiography.

The secondary discourse of peasant historiography consists, according to Guha, of memoirs and monographs written for public consumption. The main distinction between the primary and secondary discourse is that the latter is chronologically separate from the event described. However, both are "linked with the system of power" (p 7). Thus there can be no secondary discourse which is monographical in nature and not part of official historiography. Again, he includes both

official and non-official writers as part of the tertiary discourse. The only criterion for the inclusion of the former is their being the "farthest removed in time from the events" (p 27). In this case, when does the secondary discourse end and the tertiary discourse begin?

The salutary feature of Guha's discussion of the official discourse is the stress on a critical examination of the sources and their functional insertion in an administrative and ideological structure. This point is a widely accepted dictum in historical writing. However, the method of critical scrutiny which Guha advocates should also be taken critically. The argument advanced is that the components of the discourse should be broken down into segments and the indicative and interpretative segments separated and analysed. The indicative statements provide an empirical picture while the interpretative statements provide a commentary on them. Not all discourse can however be separated on this basis. The indicative statements themselves are also interpretative and ideological. Syntagmatic or paradigmatic relationships, corresponding to functional and indicative codes, do not really help us in analysing the nature of the discourse. As Chomsky has emphasised, analysis of discourses cannot be carried out at the level of their empirical components alone. What has to be analysed are the larger signifying unities within which the symbols and signs create structures of sense.⁸

Further, the use of the syntagmatic and paradigmatic relationships is based on the work of Roland Barthes. This methodology of bidimensional analysis was developed by Ferdinand de Saussure and elaborated by Roman Jakobson. The problem with bidimensional analysis is that it is confined, as indicated above, to an empirical reading of the discourse. Barthes recognises this when he states that his analysis of *mythologies* depends on the analysis of images and texts not only at the empirical level but also at the second deeper level of signification.⁹ He implicitly concedes that the first level of signification, including especially functional relations, is also ideological. The thrust of Barthes's work is towards the elaboration of the methods by which mythologies are created and sustained in society. It is only at second level of signification that the ideological role of any text or image can be grasped. This is not attained by breaking up and analysing components of the discourse at the superficial level, where they can be both functional and indicative.¹⁰ In later works, however, Barthes increasingly shifts from structural to sequential analysis, and assigns primacy to linguistics under which the science of semiology should be incorporated. As stressed earlier, this reflects the influence of the neo-positivists and Wittgenstein, with their focus on language as the source of all knowledge. Certain contradictory features emerge in his work and categories like 'functions' and 'indices' are developed and used for the analysis of narrative, as for instance, of Ian Fleming's *Goldfinger*. Sequential analysis, the mixing of systems personal and apersonal, remains confined to the level of the text, and is unacceptable as far as historical analysis is concerned because

the discourse of the historian is the only object of analysis. The method of sequential analysis has been found inadequate also in standard literary criticism which increasingly stresses the need to study the conditions of literary creation, the reception of the text in its time and also the context of the text, its reader and its concretisation.¹¹ Barthes's analysis of James Bond does not tell us anything about the conditions of its creation, the social conditions it embodies like the Cold War, or even what it signifies to the reader.¹² These are precisely the pitfalls of getting caught up in the analyses of "micro-sequence" (pp 10-11). The pointlessness of this reductive tendency has been subjected to severe criticism by Pierre Macherey, according to whom all texts are "decentered" texts. Their analysis has to consider not only what they state, but also the "invisible presence" of what they do not state. However, sequential analysis results in accepting the text on its own terms.¹³

Thus, Mao's dichotomy of 'it's terrible' and 'it's fine' is developed by Guha totally within the paradigmatic/interpretative framework. Guha accepts the functional/metonymic/syntagmatic relationship as a true picture of the concrete reality. The official texts minus their interpretative context (terrible/fine) are taken at their face value. Guha makes the mistake of which he is accusing official historiography. This point is fundamental. Instances can be multiplied *ad nauseum* of primary and secondary discourses (in Guha's sense of the terms) which are ideologically biased not only in their interpretative/metaphoric relationships but also in terms of the functional/metonymic relationships. Official sources not only suppress information but also indulge in distortion and falsehood and this is specially true of the secondary discourse meant for public consumption. For instance, W W Hunter's *Annals of Rural Bengal*, used heavily by Guha, says that as a result of British intervention the Santals stopped their insurgent activities in the early nineteenth century and took to plough agriculture. The reference, obvious to anyone familiar with Santal history, is not to the Santals (plough agriculturists who migrated to the Santal Parganas from neighbouring districts under British aegis) but to the tribe of the Paharias whose insurrection was suppressed by the East India Company in the late 18th century. After this, their ecological habitat, which sustained shifting cultivation, hunting and gathering, was invaded by the Santals and they were pushed on to the inner forests and hilltops. The history of this tribe reveals a tragic story of de-culturation, destruction and depopulation. The repression of the Paharias and the migration of the Santals into the area is fused by Hunter into a single event in the history of the Santals. The main aim of this fusion was to demonstrate the pacificatory benevolence of the British who transformed a "criminal" tribe into peaceful peasants. The resulting concoction is not just ideological but is totally false.¹⁴ Guha has in fact approvingly summarised Hunter's references to the Santals (pp 21-26), but fails to note this contradiction. Guha's methodology of sequential analysis can

identify only one thing wrong with the text, that "the syntagma is broken up again by dystaxia and interpretation filters through to assemble the segments into a meaningful whole of a primarily metaphorical character" (pp 21-22). The inference is that the functional/syntagmatic/metonymic relationships are valid. The text therefore can be accepted at its face value after the prejudices of the author have been discounted, i.e., the adjectives expunged and the verbs retained. This leads to a certain carelessness in the handling of sources which are not cross-checked and verified. Guha criticises existing historiography for not being critical of sources, but the methodology he adopts is itself uncritical, and places him closer to the official discourse of power.

Coming finally to the tertiary discourse, this is clearly the most nebulous of the three categorisations, being based solely on the criterion of time, and, as we have already seen above, includes official, non-official, liberal and left writings. The basic proposition advanced by Guha is that historians have not considered the specific nature of peasant consciousness as exemplified in rebellion in particular. The discussion on the primary and secondary discourses is not an end in itself in the article, but is only important as an examination of "those cuts, seams and stitches—those cobbling marks—which tell us about the material it (tertiary discourse) is made of and the manner of its absorption in the fabric of writing" (p 3). One would therefore expect that detailed consideration of existing historiography would be taken up. However, Guha gives no examples from liberal nationalist historiography though he makes several sweeping generalisations. For instance, he says that the Indian bourgeoisie is the subject of "tertiary discourse of the History-of-the-Freedom-Struggle genre" (p 33). The lacuna is certainly not due to oversight. The absence of examples has to be taken into account if we read Guha's text not casually but symptomatically to search for the invisible presence. Probably texts that correspond to Guha's criteria do not exist.

Again, as far as radical historiography is concerned, Guha claims that the peasant does not exist as a subject in its discourse, having been replaced by "an *abstraction* called the worker and peasant, an *ideal* rather than the *real* historical personality of the insurgent" (p 33). Immediately obvious is the lack of any correspondence between the generalisations and the supporting evidence. The only example taken up for discussion is that of the Santal rebellion of 1855 and its discussion in S Ray's *Bharater Krishak Bidroha O Ganatantrik Sangram* (1966). The choice could not have been worse because the only monographical work on the Santal Rebellion is that of K K Datta.¹⁵ The other works fall into two categories—either general studies of the Santal tribe with chapters on Santal history, or general works on peasant movement in India again with a chapter or less on the Santal *hool*. These non-specialised studies on the *hool* are dependent either on secondary sources or on the most easily accessible primary

sources, like Hunter or the *Calcutta Review* article. No general conclusions on radical historiography could be justified on the basis of such works. Instances of radical historians studying the peasants' consciousness as it existed are not lacking. In fact, many insurgents, as indicated above, had written on peasant rebellions and movements, good examples being Sahajanand Saraswati's *Kisan Sabha ke Sansmaran, Mera Jivan Sangharsh*, and numerous other articles, Awdheshwar Prasad Sinha's *Bihar Prantiya Kisan Sabha ki Report 1929-1935*, and Sunil Sen's *Agrarian Struggle in Bengal 1946-47*. These works are not only a part of radical historiography, but are also part of what are termed 'primary sources'. In addition, there are a number of historical studies both liberal and radical (the terms have been used heuristically) which are very critical of the primary and secondary discourses described by Guha and are separated from them by more than what Guha calls a "declaration of sentiment" (p 40).

A further problem with Guha's examples is that they are selectively drawn, predominantly from the nineteenth century. In this phase the attitude of the British colonialism to agrarian disturbances was one of paternalism whose ideological function Guha recognises (pp 23-27). Therefore, primary and secondary discourses are full of protective references to the peasantry. In the case of the Santal *hool* taken up by Guha, this paternalism can masquerade as one of looking after the interest of the noble savage against the Bengali money-lender and *zamindar*. This is reflected at another level by the official caricature of the job-hungry Bengali *baboos*. The same historical representations thus serve the ends of ideological domination. This paternal ideology can be seen at work in most of the major peasant movements of the nineteenth century, the Deccan Riots of 1875, the Pabna rebellion etc, where, after suppressing the movements, the state held inquiries into the agrarian causes of the same, and even carried out legislation in the interests of the peasantry. By the twentieth century, however, with the coalescence of the nationalist, worker and peasant protest the state reaction was very different. Ideological domination was increasingly replaced by physical domination; landlord associations were organised to counter the now well-knit Kisan Sabha and other peasant bodies. The contradiction between primary and secondary discourses on the one hand and the tertiary discourse on the other is much more glaring in the twentieth century. The simplistic homologies developed by Guha with the *hool* as a backdrop are thus hardly representative.

The problem of 'immediacy' and the linguistic method in Guha's own study of peasant consciousness is symptomatic of his problematic. When analysing the Santal *hool*, Guha comes to the conclusion that "religiosity was by all accounts central to the hool" and further that the rebellion was not related to any particular grievance. From this he infers that "it is not possible to speak of insurgency except as religious consciousness" (p 34). Rebellion is thus analysed purely in terms of

the meaning the participants attach to it. He quotes from official documents to prove his point. But these statements on the religiosity of the peasantry, surely interpretative/metaphorical statements which should, by his own standards, be submitted to scrutiny, are taken at their face value. In fact, liberal and radical historiography is criticised for not having noticed the fact that the consciousness of the peasantry is profoundly religious. The religious consciousness of the peasantry is not subjected to any determinations and is made supra-historical. It is assumed that the peasantry has an ideal form of paradigmatically pure peasant consciousness. The implication is that peasant consciousness marked by religiosity existed in a pure state especially in the nineteenth century.¹⁶ Could anything be more idealistic than this?

Religion also, following the critical structural method, is not merely religiosity but is tied up with the forces and relations of production. Religion is important for peasant consciousness not because peasant consciousness is inherently religious, but because religion is part of the ideological superstructure.

Rodney Hilton, in his analysis of peasant rebellions in Europe, notes that religion was not one of the important constituents of rebel consciousness.¹⁷ The religious aspect of rebel consciousness was emphasised by British officials to the exclusion of the social, economic or political content of that consciousness. Colonialism was thus absolved of its oppressive role, and rebellions were attributed to the inherent irrationality of the peasantry. As we have indicated above, by accepting this characterisation, Guha places himself closer to the official historiography which he appears to be criticising.

Guha criticises historians for being "blinded by the glare of a perfect and immaculate consciousness" (p 39), even though his own characterisation is an abstraction. In a peasantry existing in a class-divided society, it is difficult to believe that religious consciousness could be something internal to its own subjectivity and not hegemonic in nature. Any exclusive analysis limited to consciousness at a given moment conveys very little. As L Goldman, who stresses the importance of studying consciousness as part of social totality, emphasises that no analysis of the real consciousness of the Russian peasants in 1912, for instance, would help in predicting their consciousness and actions between 1917 and 1921, and if our analysis was restricted merely to linguistic categories we would never be able to move from the study of actual to possible elements of consciousness based on the historical moment, which would severely limit our understanding.¹⁸

Further, looking at analytical categories only in terms of meaning attached to them by the participants is, as has been stressed, a form of positivism. Such an experiential epistemology has a long history that can be traced back to Berkeley in the early eighteenth century. It has already been subjected to a withering attack by Lenin in his *Materialism and Empirio-criticism*.¹⁹ The restrictive effect of a historiography based

on such an epistemology is immediately apparant in a consideration of its imposition in other disciplines studying society. The works of Marcel Mauss and Levi-Strauss which emphasise the integrative aspect of exchange of gifts and women, and of Levi-Strauss and Maurice Godelier on myths, would be illegitimate inferences as the participants themselves are not conscious of these integrative and reifying aspects.²⁰ In economics the whole discussion of fetishisation of commodities and the generation of surplus value in Marx's *Capital* and *Theories of Surplus Value* is based on the critique of the phenomenological method. Meaningful analysis cannot be carried out unless the apparent empirical level is transcended and hidden relationships revealed. Marx states, "...vulgar economy feels particularly at home in the estranged outward appearances of economic relations...all science would be superfluous if the outward appearance and the essence of things directly coincided."²¹

One of the major issues of concern for Guha is that official historiography does not have a place for the rebel "as the subject of rebellion" (p 27). Liberal and radical historians also do not consider the rebel as a subject and the representation of the rebel in their discourse is, according to Guha, an inverted form of official discourse in which the peasantry is arranged "along the alternative axis of a protracted campaign for freedom and socialism...this too amounts to an act of appropriation which excludes the rebel as the conscious subject of his own history and incorporates the latter as only a contingent element in another history with another subject" (p 33). Posing the problem in terms of the subject-object dichotomy is however a pointless exercise. As far as scientific analysis is concerned, the subject form is valid for every individual in history since his acts constitute social practice. No historian can obviously deny subjectivity to the people he is studying. At the philosophical level, however, the whole problematic centred around the subject is part of what Althusser, in his debate with John Lewis, calls the discourse of idealist philosophy.²² This is because the subject of phenomenological and existential discourse is a person who has internalised the movement of history and, by the ascription of subjectivity, is made responsible for this movement. But man is only a subject transforming history; the mode of his intervention is determined by the objective conditions in which he is placed. There is no supra-historical transcendental subject. It is not by a phenomenological analysis of the human essence that an understanding of social relations is gained; on the contrary, it is scientific investigation of social relations which makes for an understanding of the human essence for, after all, human essence is the ensemble of social relations, a product of history. To understand man's capacity to change these social relations, and evaluate the efficacy of continuing attempts to bring about such changes, one has to go beyond subjectivity and such false dichotomies as determinism and liberty, and concentrate instead on the study of the concrete.

Guha's phenomenological bias is clearly visible when we consider

existing historiography which, according to Guha, has appropriated the rebel to its own discourse. Guha wants analysis to be restricted to the categories of experience within which participants are viewing them. However, in the materialist method, all knowledge is appropriation. According to Marx, "...thought appropriates the concrete reproducing it as the concrete in the mind...the concrete totality is a totality of thoughts, concrete is thought, in fact a product of thinking and comprehending".²³ Since all knowledge is appropriation, there is nothing very special about the liberal or radical historiography appropriating the peasantry (technically what is appropriated to their discourse in the knowledge of the peasantry).

It follows that Guha's reconstruction of the consciousness of the peasantry is also an act of appropriation. In fact, it cannot but be otherwise. Guha realises that the problem is insurmountable because of the chronological distance between the event and the historian, and suggests that a realisation of this subjectivity would help. But this awareness of the historian's own historicity is something that has become conventional knowledge since at least E. H. Carr's *What is History*. The failure to evolve any alternative paradigm mars Guha's whole historiographical critique. From a consideration of sequential analysis of sources down to the plea that the peasant be treated as a subject of his own history, whose consciousness must be analysed in terms of categories valid to it, the critique finally concludes as a historian's self-awareness of the unrealisability of the project. The problems posed by Guha may have some validity but they certainly have not been satisfactorily formulated or resolved.

II

Gautam Bhadra's "Two Frontier Unprisings in Mughal India" is the shortest and perhaps the most unpretentious contribution to this volume.

Studies on the agrarian structure and peasant protest in medieval India have come into their own in a big way recently, and Bhadra's article is of interest chiefly because it focuses on a region regarding which comparatively little is known—medieval north-eastern India, specifically the area of Kamrup-Goalpara in present-day Assam.

While conceding the paucity of indigenous source material on seventeenth century Assam (most Buranjis and other literature deal with a later period), Bhadra, it would seem, has consciously confined himself to a Persian chronicle, Mirza Nathan's *Baharistan-i-Ghaybi*, a standard seventeenth century account of the region, for his discussion of the two rebellions.²⁴

Bhadra's aim is two-fold: to project Mughal-Koch relations as two opposing totalities, i.e., the 'elite' Mughals vs the 'subaltern' group of the ruling chieftains and the people of Kamrup, and in conjunction with this, to attempt to delineate "a tradition of peasant resistance that

was invoked again and again in various forms against Mir Jumla, against the Ahoms during the Moamaria revolt and against British rule in the late nineteenth century" (p 59).

In order to achieve his object, Bhadra has attempted to depict the pre-Ahom Koch polity as an undifferentiated unity in its response to the Mughal challenge, as well as deliberately playing down the tumultuous political history of the region, in this period. And finally, having done so in his analysis of the character of these two rebellions, he projects them as pre-eminently peasant in their orientation, although as regards participation and mobilisation, "some of the rebellions had an obviously aristocratic linkage" (p 55), due to the operation of vertical linkages such as kinship and caste ties.

As regards the agrarian economy and social organisation of Kuch-Bihar, what Bhadra wishes to convey is that while the *paikan* system was as important for agrarian organisation in Kuch-Bihar as for the Ahom kingdom, the level of social differentiation which existed in the latter was the product of Ahom and Mughal impact in Kuch-Bihar, and as such developed in a later period, viz, the seventeenth and eighteenth centuries. He offers no evidence at all for this assertion, except to state the non-availability of any indigenous sources on Kamrup for this period. This in turn allows him to assume that "the community bondage among the *paiks*, soldiers as well as cultivators, was perhaps stronger within a less differentiated agrarian society, especially where the bulk of the cultivators belonged to the same caste group" (pp 53-54). Thus the Mughal-Koch conflicts were, for Bhadra, a confrontation between a socially and economically liberal society and a stratified economically oppressive one. Koch reaction to the Mughals displayed a unity of action of the Koch people, due mainly to this lack of social differentiation. Apart from the fact that such an argument is theoretically untenable, there are no real grounds for supposing that the Koch social system was in any sense different from that which prevailed in the neighbouring Ahom territory. Indeed, a stronger case can be made on the basis of available evidence for mutual socio-economic and cultural interaction and influence. We know of the existence of a well established trade between the Koch and Ahom kingdoms. While referring to a later period, Amalendu Guha has discussed how the impact of the imposition of the Mughal revenue system in Kuch-Bihar, and in the occupied areas of Assam, was transmitted to the region as a whole,²⁵ especially the Ahom territory.

With reference to Bhadra's period, the existence of well developed social differentiation in the Koch territory is hinted at by the marriage of the daughter of Raja Parikshit in 1608 to the Ahom ruler Pratap Singha (Hso-Hseng-Hpa). It is mentioned that the Koch king sent with his daughter twenty families of slaves and twenty families of domestics as dowry.²⁶ That Wappears very likely is that the existence of a well developed social stratification in the Ahom

territory was paralleled by similar differentiation in the Koch kingdom.

Amalendu Guha has mentioned the nature of the exploitation within the Ahom polity: the existence of slavery, both domestic and agrestic, as well as serfdom. He estimates that slaves, serfs and bondsmen constituted between five and nine per cent of the population.²⁷ Apart from this, he discusses the state of the peasants, who, in their capacity as *paiks*, were allotted to the estates and homes of office holders, "with full exposure to their cruelties and extortions. (Nearly)... one-fourth to one-third of the mobilised *paiks* were allotted as *likechaus*. Available as they were for a limited period, exploitation was more ruthless in their case than in the case of slaves."²⁸

Such being the case, it is not surprising that the adoption of the Mughal land revenue administration in the Ahom territory, later in the seventeenth century, provoked no opposition. Indeed, this came about because a relatively affluent section of Assamese *paiks* looked forward to the commutation of the service obligation to the state into kind or cash payment, and the government was forced to concede such demands.²⁹ Indeed, the Ahoms even retained the Mughal revenue system in areas such as Kuch-Hajo, from where they succeeded in dislodging the Mughals in a subsequent period.

If, as we have reasoned, the Kochs had a socio-economic system similar to that of the Ahoms, it would be difficult to accept Bhadra's depiction of the nature of the confrontation between the Mughals and the Kochs: "Hence in this type of agrarian society, where most of the cultivators as well as their chiefs belonged to the same caste group, mobilisation often followed the lines of social linkages binding *rajas*, *sardars* and cultivators in a common struggle. Dishonourable treatment meted to a royal house or a breach of trust with respect to the latter, could easily have been construed as an affront to the prestige of the community, particularly to that of the chiefs" (p 57). Bhadra's inference is clear: even if the rebellion under Sanatan, for instance, had a *zamin-dar* leadership, its impetus and thrust was peasant in character, since they were equally threatened by Mughal paramountcy.

According to this argument, the peasantry was faced with the economic oppression of Mughal revenue practices, the local *sardars* by their attempted political domination. Both of these oppressed 'subaltern' groups were bound together by kinship and caste ties. Once we consider the existence of differentiation and economic exploitation internal to the Koch polity itself, however, this manner of reasoning appears difficult to accept.

Allied to this is Bhadra's neglect of the political scenario of the region in the period. The paradigm of 'subalternism' cannot comfortably accommodate the fact that the politics of the region—the rivalry between the rulers of Kuch-Bihar and Kamrup, as well as the drive for suzerainty over this area by the Ahoms, and the attempts of the Mughals to expand the boundaries of *suba* Bengal eastwards—resulted in sudden

changes of political alliances. It is against this shifting background of alliances, defined by the Mughal-Ahom confrontations for hegemony in the region, that the series of border rebellions in the early seventeenth century must be analysed. The endemic agrarian unrest and the 'peasant' uprisings which occurred, cannot be viewed in isolation from the clashes for political supremacy among the ruling groups of the region.

The nature of these political alignments is ignored perhaps because this would deflect the main line of Bhadra's reasoning—that of a tradition of 'subaltern' resistance to 'elite' Mughal authority, in conjunction with the essentially 'peasant' character of this protest. In this connection, he makes two interesting statements. With reference to the rebellions in Kamrup in 1616-1617, he says: "...the peasants killed the *karoris* and *mustajars*. The Kuch nobles joined their rebellion and proclaimed one of themselves as the *raja*" (p 47). And again, with reference to the Hathikheda uprising, after referring to the special categories of *paiks* (i.e., *palis* and *gharduwaris*) who were involved in it, he remarks: "The rebellion spread to other classes. Bhaba Singh, the Kuch noble and brother of Raja Parikshit, became involved in it" (p 50). If this were so, we would have two quite unique instances in the history of protest and dissent in Mughal India—of peasant upsurges joined in the later stages by the local chieftains. The usual pattern appears to be one where peasant unrest was subsumed, after a stage, by the aggressive activities of recalcitrant *zamindars*.

Bhadra's approach thus necessitates two divergent lines of reasoning: on the one hand he posits a less differentiated society in the Kuch kingdom, to account for a unity of action by different social groups vis-a-vis the Mughals. On the other hand, he attempts to establish these rebellions as primarily peasant in origin, joined at later stages by other superior classes. This latter delinking is of course necessary to establish the autonomy of peasant action even if it later coalesced with the protests of other affected groups. This is reinforced by a lack of detail regarding political affairs of the period.

In actual fact, the rivalry between the two houses of Kuch-Bihar and Kuch-Hajo, allowed the Mughals to obtain a foothold in the region, since Lakshminarayan of Kuch-Bihar was forced to accept Mughal suzerainty in order to arm himself against Kamrup, which, under Raghudev and Parikshitnarayan, was successively allied with the Pathan, Isa Khan, and then with the Ahoms. The Ahoms, alarmed by Mughal expansionism in the region, were conscious of the necessity of maintaining Kamrup as a buffer state. Pratap Singha, it should be noted, installed Balinarayan (1615-1637), brother of Parikshitnarayan, as the vassal ruler of Darrang, and then set about drawing all the neighbouring rulers to his side by war, marriage, friendly alliance and extension of protective vassalage.³⁰ His growing power induced most petty chiefs to accept his overlordship. The internal problems of subaltern methodology are thus made very clear. Did the aggressive designs of the ruler

of Gargaon, and his attempts to consolidate Ahom power over the other petty states of the north-east qualify the Ahoms to be described, in turn, as an elite power group?

Sanatan, a headman of the *paiks*, is described by Bhadra as the leader of a spontaneous peasant rebellion against the oppressive practices of the Mughals. This Koch chief made Sheikh Ibrahim, the *karori*, his principal target, and protested vehemently against his revenue abuses and general harassment of the peasantry (pp 48-49). But when Sheikh Ibrahim, in order to avoid the consequences of his misappropriation of imperial revenues, appealed to Pratap Singha, the Ahom ruler, for help,³¹ his chief aid came in the form of a Koch force under Sanatan.³² Sanatan's involvement in the power politics of the region is thus indicated. It is further recorded that when Sanatan attacked the Mughal *thana* of Dhamdhama, Mirza Salih Arghun, who was in charge of the garrison there, "received the help and cooperation of the local zamindars with whom he was on very friendly terms".³³

As regards the agrarian unrest against the Mughals in Khuntaghat in this period, S C Dutta notes the instigation of a series of rebellions in Khuntaghat by the Ahoms and their vassals, especially Balinarayan of Darrang.³⁴

The entire period commencing with the campaigns of Mirza Nathan in the reign of Jehangir to the end of Mir Jumla's expeditions against the Ahoms, was characterised by a situation of extreme political dislocation in the region. Political instability, border raids and constant plundering expeditions by both sides resulted in agrarian upheaval. It would, therefore, be a mistake to view this solely as peasant protest against Mughal oppression.

Who, after all, were the real losers as a result of the establishment of Mughal suzerainty and the co-optation of hitherto independent regions of the subcontinent into the centralised Mughal administrative framework? In every case it has been shown to be the local ruling groups, who were reduced to the position of revenue collecting intermediaries, or at best to vassal chieftains, owing a material and moral allegiance to the paramount power. The political power of these independent rulers was firmly quelled by the Mughal sovereign and an elaborate central administrative machinery was established to keep them well under control.³⁵ There was a resurgence of these local ruling groups in most parts of the Empire with the decline of Mughal authority.³⁶

What appears likely, given the factual evidence, is that in the confrontation between the Mughals and the Ahoms for control over the Koch territory, the local chieftains were able to mobilise the peasantry against their rivals. This is logical, given the operation of the *paik* system, and the fact that a section of the peasantry (amounting to 50 per cent of the cultivators in situations of emergency) was always in the military service of the chief.

Kinship and lineage were doubtless factors in promoting a degree

of cohesion against external threat. But what probably happened was that agrarian unrest, such as it was, was subsumed in the political ambition of the local rulers in their struggle against the Mughals, and with each other. This would be in consonance with our information regarding agrarian revolts in the seventeenth century in other parts of the Mughal empire.³⁷

The character of peasant unrest in medieval India was thus diluted by the intervention of *zamindars* and other superior right holders, who channelised peasant unrest in the direction of their partisan political ambitions. Moreover, as Irfan Habib has remarked, the peasantry was so intensely divided on lines of caste and so heavily differentiated that the idea of equality at any plane, essential for any recognisable level of class consciousness, could not flourish.³⁸

Nothing could be more positivist than an attempt to project the history of the region of Kamrup in the seventeenth century as a united popular protest of the 'people' against the encroaching Mughal power. For this does not take into account the contradictions within the structure of the Koch polity, or the complex political relations between the Ahoms, the Mughals and the Kochs.

Bhadra's piece is a good illustration of the potential for myth-making inherent in the concept of the 'subaltern'. By positing a unity of action by the people of the region against 'elite' Mughal authority, it sidesteps the necessity for an analysis of the agrarian structure of the region and the social relationships generated by it. When studies of medieval agrarian history and agrarian protest are moving towards further complexity of analysis and characterisation, 'subalternism' constitutes a methodological regression to the days of W C Smith, when all uprisings against Mughal authority were characterised as "lower class uprisings".

III

Gyan Pandey's "Rallying Round the Cow: Sectarian Strife in the Bhojpuri Region, c. 1888-1917" deals with the much discussed question of communalism from a new angle. Its contribution lies both in exploring an originality of research (for this subject) as well as in the questions it raises.

The originality of this essay stems from its recognition that communalism is not a socially autonomous process; that, besides material factors, it is linked to other problems like caste, which have been accentuated by colonial economic development. This gives to the essay a certain comprehensiveness of analysis, which, if extended, can throw even more light on the specific ways in which a semi-feudal society interacts with capitalist penetration.

Equally important, in contrast to the standard historiographical approach to communalism, Pandey is able to establish the possibilist nature of the situation: the fact that the communal contradiction

was simply one of the many contradictions latent in Indian society. The problem with the usual historiography of communalism is that it deals only with the national level of communal politics. As a result, the understanding often becomes necessitarian. After all, as is well known, the basic parameters of nationalist ideology could not transcend religion. In fact, it largely contributed to the virulent growth of communalism and the clarity of its articulation. The problem is actually in-built in the whole historical circumstance of a national movement led by the bourgeoisie linked to the feudal order, as in our country. However, by revealing a disjunction between the 'national' and 'popular' levels, Pandey does break new ground to show that the situation at the grassroots was not inevitably progressing towards a clear communal divide.

Amongst the new perceptions that this essay offers is the fact that rural areas are not immune to communal contagion. This point is very important, especially in the context of our own times, when communalism is showing no signs of abatement. The other original assertion in this essay is that it decisively debunks the idea of the "religious fanaticism" of the masses, and clearly establishes that there were different motivations behind the flare-ups.

Despite these important contributions, Pandey does not offer a complete explanation for the central problem of this essay: why the communal contradiction got accentuated despite the existence of other equally severe contradictions. As Abdul Majid's diary (cited by Pandey, pp 77-78) indicates, the division between *bade* and *chote-log* dominated over the religious divide. In that case why did the communal riots slide back?

A large part of the answer to this question can be found in the quote from Majid (*op cit*) itself. Majid recognises the fact that they were manipulated by the *zamindars*. Pandey himself notes that communal demands were "injected" into the Bhojpuri region. If this was the case, then Pandey should have dealt with the Gaurakshini Sabha and its activities in greater detail. This would have led to a better understanding of the whole process of communal transmission, from the national level downwards.

This lacuna in Pandey's argument is related to a fundamental problem of 'subaltern' scholarship. By trying to abstract the 'subaltern' from the 'elite', one cannot really explore the ways in which these two levels interact. Moreover, this approach also begs the question of leadership and its different levels, ranging from the local to the decisive level of national politics. Ultimately, both issues are related to the problem of why subalterns remain in their subject position.

Part of the 'subaltern' prejudice militates against the urban petit bourgeoisie. This is clearly evident in the essay. While establishing the intimate connections and continuities between town and country in the Bhojpuri region, Pandey also observes another fact. By

the late nineteenth century there was a growing class of urban petit bourgeoisie. Later he notes that they played an initiating role in transmitting Gaurakshini propaganda. These facts certainly make them more important than the limited space given to them might indicate. As a result, certain important questions regarding how this urban culture was changing and becoming the centre of Gaurakshini activity, the question of the relationship between different sections of the petit bourgeoisie, and finally the relationship between this urban class and the *zamindars* are ignored.

On the other hand lies the problem of autonomy. Besides the fundamental problem as to whether any single historical process can be truly autonomous, at the level of the essay itself Pandey does not seem very confident about this term. In the space of a single paragraph Pandey characterises the Ahir action as being both "relatively independent" and "autonomous" (p 104). Surely the two terms do not mean the same thing.

In fact, there seems to be a conscious desire to abstract the Ahirs from the other processes of encouraging the growth of communalism in this region. Even if it is granted that they were reaching out for a higher social status, this does not explain why they should have had to indulge in communal riots. After all they could have simply built temples or *gaushalas*.

A good deal of light could have been thrown on this problem if Pandey had dealt more extensively with the specific ways in which Gaurakshini propaganda interacted with Ahir discontent. This would also have provided a means of explicating their relationship with the *zamindars* and more specifically of showing why, with the exception of some situations they seem to have accepted the overall leadership of the *zamindars*. Surely their united front with the *zamindars* on this question cannot simply be attributed to a historical coincidence of interests.

This brings us to the question of ideology and mentalities. Strangely, for a topic such as communalism, for which it is so important to understand the culture and mentality as the material factors, Pandey pays scant attention to the use of symbols and slogans. His account confines itself to methods of transmission and descriptions of riots caused by violations of communal symbols. Both aspects are in a sense redundant, because the issues they raise have already been covered. Regarding the symbol of the cow itself, Pandey reiterates the obvious: that its sanctity was emphasised.

We would have acquired a better understanding of the peasant mentality, of a fundamental condition of communal unity, had Pandey delved deeper into the symbol of the cow. After all the cow was not simply a symbol; it was a world view condensed into a symbol. This can be deduced from Pandey's observations that all the gods were telescoped into the cow. Moreover, being a material creature, the

cow could provide supernatural ratification for the material actions which violated other codes of the Hindu religion which advocated acceptance and non-violence.

At the same time it is interesting to note the basic issues raised to prominence through the symbol of the cow. Significantly, the Hindus—as emerges from the *paties* quoted by Pandey—did not regard their objective as one of expanding hegemony, of forcibly converting the Muslims to the cause of the cow. They viewed it as a defensive battle against oppression and injustice as palpably expressed in cow-slaughter. As such their religious motivation corresponded to their basic sense of insecurity, which, as Pandey himself shows, was the outgrowth of the whole impact of colonialism.

This leads us to two related problems which have received inadequate treatment: the ferocity of the attacks and the latent anti-imperialism within the communal consciousness.

What was responsible for the intensity of the attacks? Can it be explained, as Pandey offers to do, merely by the fact of issues becoming entangled with personal quarrels? True, these quarrels have a more resonance in a rural society, especially in the specific circumstances delineated. But why should it take on the character of a civil war? Nor can this be attributed simply to the momentum of action. The wedding incident in 1893 (p 85) clearly suggests a high degree of premeditation in the savagery.

This intensity can possibly be better understood if the latent, subverted anti-imperialist thrust of their actions is taken into account. After all, if the cow becomes a bulwark against a vulnerable existence, then it was also a symbol representative of resistance to colonialism which had created these conditions. This would raise the more specific problem of Gaurakshini propaganda: was it simply a defence of religion or did it also link this with the whole colonial context of flux and insecurity?

It is in fact remarkably short-sighted of Pandey not to have dealt with this aspect. This is worth remarking precisely because Pandey does make stray observations regarding the conjunction of cow protection propaganda with Home Rule activity and rumours of the imminent collapse of the Raj (p 90). Even more significantly, in the second *patia* quoted by Pandey (p 91), there is a direct reference to the alleged help forthcoming from the German king, the Chhattis and the Bengalis (p 110). Given the context of the First World War and popular memories of the Swadeshi movement, amongst other things, this obviously points to the somewhat ambiguous political significance of the cow.

At the same time, Pandey's delineation of the impact of colonial rule seems insufficient. The structural changes in the society and economy of the Bhojpuri region as a consequence of colonial rule is competently sketched. Where Pandey falters is in trying to analyse the politics of

colonialism in furthering the communal divide. There are some observations on how officials provoked riots in Shahabad and some generalisations about British policy (p 122), but the stress seems to be on the idiosyncrasies of official action. Part of the problem may be due to the fact of undertaking a micro-study which would tend to enlarge the importance of individual actions. However, in the ultimate analysis, this cannot be a justification for the absence of a clearer assertion of the relationship between colonial policies and the actions of individual officials.

In conclusion, it may be remarked that these problems and lacunae in the essay are finally a product of the limitations of the 'subaltern' approach. For, this approach ultimately inverts the world of historiography, as against the importance given to the 'elites', the 'subalterns' are given the pride of place. The result of this inversion is that the international and national levels of history are at best treated as a passive backdrop. Precisely because of this approach, subaltern history itself starts showing many gaps.

This finally relates to the question of political responsibility. If one is simply investigating communalism as an academic exercise, the avoidance of interlinked issues may be understood. But for historians like Pandey, whose anti-communal bias is evident, it is crucial to understand the phenomenon of communalism in its totality. The process of understanding itself has to be an instrument in the battle against communalism. And, as is clear from our contemporary situation, we can no longer afford the indulgence of partial enlightenment.

IV

Stephen Henningham's "Quit India in Bihar and the Eastern United Provinces: The Dual Revolt" shows clearly the dangers involved in relying solely on the "prose of counter-insurgency" to reconstruct a movement as complex and fascinating as the Quit India revolt in eastern U P and Bihar. It is indeed an irony that historians professing to rescue the 'people' from the clutches of bourgeois-nationalist historiography fall back primarily on imperialist sources to accomplish their task. Can one talk of serious problems related to the not-so-remote past without using oral evidence? Henningham overlooks the land question and vital issues such as peasant stratification, except for stray references to prove a point or refute another. Can one really look upon the 'subalterns' as a historical category or a class in colonial India?

Henningham's mistakes, then, originate in certain methodological problems which get reflected in the paper.

Can one overlook the Congress and its call for the 1942 movement? Henningham himself notes at the outset that the movement, in fact, was sparked when the colonial government reacted sharply to the A I C C's "Quit India" resolution of August 8, 1942 (p 131).

The dialectical linkages between the call for the struggle and the slogans unleashed by the "messiah from above" (i.e., Gandhi) and the stratified peasantry in the middle Gangetic plain with its problems and perceptions of the 'saviour' and *swaraj* are overlooked. "Do or Die", "Let every Indian consider himself to be a free man", etc., were slogans that did provide a signal for the launching of the 1942 movement. Unless one grasps these basic features it is not possible to explain things without confusion. 'People' did not see a "breakdown" through rumours alone (p 141), but through the dialectical interaction between, on the one hand, the problems affecting them, which the author mentions (pp 137-142), and, on the other, perceptions of *swaraj* as a distinct possibility of a way out.

In his eagerness to create a "historic bloc" of the subalterns, the author makes the mistake of not seriously taking into account what his own work shows: (a) the increasing influence of the Congress in the pre-1942 context and (b) the importance of "less important" Congress leaders at the local level who survived the arrests. As regards the latter, it should be pointed out that in Bihar, for example, these leaders included a fisherman, students, teachers and an ex-minister of the 1937-1939 ministry—all of them associated with the Congress (pp 149-150). The author also mentions the passive support of landed elements like the Maharaja of Darbhanga (p 160). As can be seen, (a) and (b) provided the links between the bourgeois-led Congress and the revolt. Besides, the author's evidence clearly shows that different sections in the countryside, including the agricultural labourers (p 151), joined the movement. The Congress became a symbol of struggle for them, although the latter's responses to *swaraj* and the Mahatma had *their own specificities*.

Henningham's attempts to split the 1942 movement into two nationalisms (?) follows from the mistakes already outlined. As he himself puts it, there were ... "very few attacks on property other than that belonging to the government" (p 159). But he does not cite a single instance of an attack on the property of the landlords. Moreover, he looks upon the revolt as expressing (a) "...moral protest against the 'Sarkar' (which was)... regarded... as *ultimately responsible* for the conditions of economic deprivation within which they (i.e., the 'subaltern' groups) found themselves" (p 159; emphasis added); (b) the lack of any agrarian movement before or immediately after the 1942 movement (p 159); and, finally, (c) forms of protest like sabotage which were Congress-inspired, co-existing with popular forms such as *hat* lootings, and belief in invulnerability since Gandhi had rendered the rebels bullet-proof (p 153).

While acknowledging the specificities of different class interests, it is, however, difficult to accept the "...duality of the insurrection..." which, according to the author, "...consisted of an elite nationalist uprising combined with a subaltern revolt" (p 164). Henningham's facts refute his own conclusions. Worse still, his position echoes the

basic position of the 'old' and 'new' imperialist historians.

Failing to grasp these fundamental problems the author does not recognise the political significance of the 'subalterns' in revolt. Why did his 'subalterns' rise in the 1942 movement? Acts of sabotage and lootings seem to be Henningham's answer. Behind this lurks the pre-supposition that peasants and agricultural labourers could not relate their issues and concepts to the anti-imperialist struggle.

V

Arvind N Das, in his paper "Agrarian Change from Above and Below: Bihar 1947-1978", has attempted a study of agrarian changes in Bihar in the post-independence period. Bihar is a region which has a history of militant peasant struggles during the pre-independence period. The author examines two major attempts 'from above': (i) the *zamindari* abolition, and (ii) the Bhoodan movement. He also attempts to link these with the "green revolution". In the efforts 'from below' he takes up the contemporary struggles waged by the Bihar peasantry under the C P I, the C P I (M) and the C P I (M L).

The changes from above, Das rightly argues, were "not a process unilaterally initiated and sponsored by the elite" but a "response to long-drawn-out and militant peasant struggles" (p 180). These attempts were efforts which provided the ruling party with a face-saving device, in relation to its pre-independence promises to the masses—now the electorate—and, at the same time, to check the advance of the militant forces in the countryside. The reforms from above were 'implemented' haltingly and in a manner which left ample scope for the ruling party leaders and their mentors and allies to safeguard their own class interests.

If Bihar was the first state legally to abolish *zamindari* (Das overplays the role of K B Sahay in this context), it nonetheless remains the foremost state in independent India where *zamindars* have successfully established their hegemony over the Congress organisation, and their interests are served excellently.

The author has successfully shown the manoeuvres of the state and the landlords to stall the process of reform but he should have further elaborated the links between the ruling party and the landed interests, particularly since 1937, when, for the first time, the Congress signed an agreement with the *zamindars*. Occasional references notwithstanding, an in-depth study of this relationship is missing. This would have clearly explained why the state has attacked repeatedly the poor on behalf of the landlords.

The author mentions the pressure of the nascent bourgeoisie as a factor leading to agrarian reforms, but neglects the important question of the stagnation of the regional bourgeoisie in Bihar.

Given the emphasis on the 'subaltern', one expected Das to say much more about the response the Bhoodan movement elicited from the peasantry. Moreover, he could have examined the extent to which the

Sarvodayites indirectly helped the landlords, since their movement was, to a certain extent, aimed at arresting and diverting the growth of an organised peasant movement. The caste-class relationship in a caste-ridden society like Bihar should have been examined in greater detail.

The author states that any attempt on the part of the poor to resist the landowners is seen as a Naxal-inspired movement which is ruthlessly crushed (pp 218, 224-225). However, Das does not mention the fact that this is not because the activities of the Naxalites (in Bhojpur) had induced any stable changes 'from below' but because the state has found a convenient excuse to act against the struggling poor on the pretext of curbing Naxalism.

The paper suffers from a factual error. The author suggests in the conclusion: "In fact, only towards the end of his (Swami Sahajanand Saraswati's) life did he come to acknowledge the need for the peasantry to acquire class allies in its struggle" (p 226). However, Sahajanand had vigorously advocated a worker-peasant alliance from 1936 onwards. The *Bulletin of the All India Kisan Sabha* from 1936 to 1939 bear this out. The worker-peasant alliance in the strikes in the Bihta Sugar Mills (Bihar) under his guidance in the late 1930s and early 1940s are a well known historical fact. Besides advocating worker-peasant unity, Sahajanand also maintained that the "industrial labourers are *kisans par excellence*" as a "very significant proportion" of the city proletariat consists of *kisans* who go to mills and factories "in search of some relief from the sufferings that confront them in their village homes".³⁹

VI

N K Chandra's "Agricultural Workers in Burdwan", focuses attention on three villages—Karulia, Nalhati and Mirzapur (the last is a division of the large *mouza* or revenue village of Nalhati)—of the agriculturally progressive block, Abanti, in Burdwan district. Abanti was an area chosen for the Intensive Area Development Programme (I A D P) in 1962, and a great deal of attention was paid to providing technology to boost agricultural production.

The three villages are agriculturally fairly distinct, with Karulia classified as "quite advanced", Nalhati as "fairly backward" and Mirzapur as "more progressive" (p 231). Most of the land is owner cultivated, although in Nalhati 40 per cent of the land is owned by two families. In the other two villages, the concentration is less skewed.

Chandra makes a broad division between the 'upper classes' and the 'lower classes'; in the latter he includes landless agricultural labourers and small and marginal peasants. He concentrates upon describing the economic condition of this 'lower class' under various sections (types of labour contracts, working conditions, standard and actual wages, credit relations) and finally makes an "analysis of poverty" (pp 251-255) based on nutritional standards, education and literacy.

The agricultural labourers are categorised according to their

degree of attachment to their employers. On the one hand there is the yearly contract for *mahindars*, which is often renewed because the employer finds it "tedious and vexatious" (p 248) to continually switch between individual labourers, while, for the labourers "because of the security it offers, the *mahindars* job is much sought after" (p 234). At the other end of the scale are the casual or daily labourers who can, theoretically, work for different employers every day. In between the two are a variety of semi-permanent or semi-attached labourers, the *nagare*, the *botare* (specialist ploughmen), 'cowboys' who tend the landlord's cattle, and the migrant Santal tribals.

The payments vary widely, not only in the manner in which they are paid (i.e., the cash-kind ratio), but also in the time at which they may be made, from seasonal, half-yearly payments to daily rations and wages. The cash component is a very small part of the total wages, and only in Mirzapur do casual agricultural labourers earn more cash than kind as part of their average daily wage. In the other two villages cash payments are less than half of the payments in kind (pp 244-245). The cash earnings of *mahindars*, *nagares*, 'cowboys' and domestic servants (who are largely women) are extremely low.

This is the most systematic part of Chandra's article. The rest of the article is a confused amalgam of sometimes contradictory statements which seek to elucidate the response of agricultural labourers and poor peasants to their condition.

We are told that the employers "were not generally satisfied with the quality and quantity of work put in by the workers" and thought that the labourers were "prone to idle away their time" (p 238). Which employer has ever praised his workers, especially to outsiders who come to their village for such a brief period? Only three months (p 228) were spent in the three villages, and therefore the time spent in each village would be even less than one month. The labourers' morale, on the other hand, was so low that "they do not feel too humiliated" (p 239) when thrashed by their employers.

Yet in Karulia the lower classes who "seemed to be quite subdued, if not firmly under the control of their masters" (p 233), went on a strike to improve their wages and working conditions, and refused to follow the advice of the local *kisan* leader, Haridhan Banerji, who upheld the employers' point of view. Why labourers should follow a *kisan* leader at all is left unexplained by Chandra; neither are we told of Banerji's class, caste or general social position in the rural structure. Instead, one is left wondering as to who were the people who initiated the strike since the lower classes could "hardly afford to engage in such a project in a state of absent-mindedness" (as R Guha puts it in his piece, p 1).

Chandra's data probably contain many more examples of conscious resistance than he has cared to mention here. The rejection of Haridhan Banerji is only one instance. The labourers' insistence on

eating their midday meal in their own homes (p 237), the casual labourers' wives demanding payment of the wage at the start, rather than at the end of the day (p 250), and the labourers' rejection of the authority of their *malik's* relative (p 238), are a few other examples which indicate a non-militant but clearly conscious attempt at making a stand.

But the incidents themselves are poorly elaborated in the article, and they are not helped by Chandra's commentary. "Their poverty and a desire to assert their independence are the main reasons why food is being consumed today at the workers' own homes" (p 237). One can understand the will to assert independence, but what has the labourers' poverty to do with their eating food at home?

Chandra quotes Haridhan Banerji's condemnation of the labourers' wives nagging their employers for their husbands' wages. He does not, however, give any explanation why the labourers do this, or their point of view.

Instead, the labourers are asked "why there was no organised protest or strike" (p 520), and they listed their reasons. Listing reasons itself is a conscious realisation of one's vulnerability and one's position; it is also a step towards acting for oneself. More important, the question asked is insensitive and by no means neutral. Besides, Chandra has noted militant action by the lower classes in the villages surveyed (pp 233, 251). The memory of these actions is not explored, though it can be a most potent element in shaping perceptions.

There are some particular facts which are noted but are left unaccounted for, and one can only list them here.

i) Karulia has 22 domestic servants from its agricultural labourer population, and the other villages have none. No explanation is provided.

ii) While Nalhati and Karulia have an equal number of male and female casual labourers (18 and 28 respectively), Mirzapur has 10 men and only one woman casual labourer. No explanation is given.

iii) There is no account of how the average number of days per worker, per year is calculated. Since the number of days is one of the major basis for payments and earnings, one would like to know how Chandra has attempted this exercise.

iv) An incident where labourers were severely beaten by their employer is mentioned (p 238), but one is not told in which village it occurred.

One cannot argue with an anthropologist's description of his field material, but one can argue against a slipshod and impressionistic presentation of the field material. What should have been the core of the discussion, i.e., the perceptions and the responses of the "lower classes", is the weakest part of the article.

VII

The fact that *Subaltern Studies I* did not have a single article on

labour has already been lamented by Sabyasachi Bhattacharya in his "History from Below" (*Social Scientist*, No. 119; fn 23). *Subaltern Studies II* seems to have made up for this absence by including Dipesh Chakraborty's "Conditions for Knowledge of Working-Class Conditions: Employers, Government and the Jute Workers of Calcutta, 1890-1940". Chakraborty, whose previous article, "Communal Riots and Labour: Bengal's Jute Mill-Hands in the 1890's" (*Past and Present*, May 1981) we are familiar with (including the less known debate with Ranajit Dasgupta—CSSS Occasional Papers), has ambitiously called his article "Conditions for the Knowledge of Working-Class Conditions". The sophisticated tools of French Structuralism (Michel Foucault's *Discipline and Punish: The Birth of the Prison* is quoted approvingly) are grafted to a broad Marxian framework and meaningful insights are gained on the working class for the period 1890 to 1940.

Chakraborty sees the relation of labour and capital as one of domination/subordination within a system of power. An 'autonomous' culture of the oppressed is postulated and it is argued that it is important to understand this culture if we are to seek the conditions for knowledge of working class conditions. It is here that Chakraborty stresses the existence of a pre-industrial culture among the working class in the jute mills (what he calls "community consciousness") and contrasts it with the English working class which entered the experience of Industrial Revolution with a rich tradition of artisan radicalism and the "notion of equality before law".

Chakraborty's argument (borrowed from Marx) is that the centralising nature of capitalist industry made it necessary that it produced a body of knowledge to regulate labour. This "knowledge" found in the documents of the English State (Factory Acts, etc) served the capitalists in two important ways. First, they sought to make "conditions of competition" between different factories uniform, i.e., equal restraint on all exploitation of labour. Secondly, by regulating the working day as regards its length, pauses, beginning and end, they forced into existence a more developed and complex machinery and hence by implication, a more efficient working class. For Marx, the 'cruelties' of early capitalism, the humanistic impulses arising therefrom resulted in factory inspection reports which spoke for the 'political will' that the English State was capable of mustering, the will that allowed it to distance itself from particular capitalists and yet serve English capitalism in general. In the process of regulating the labour force, the interests of the individual capitalists and those of the State were meshed, since in England, the pressure towards discipline arose both from within and without the factory. Discipline has two components. It entailed a technical subordination of the workman to the uniform motion of the instruments of labour, hence the need for training, education etc. Thirdly, it made supervision—the labour of overlooking—an integral part of capitalist relations of production. Supervision, so crucial to

the working of capitalist authority, was based on legislation and produced documents in turn. The everyday functioning of the capitalist factory, therefore, produced documents, hence knowledge, about working class conditions.

Chakraborty rightly stresses the relevance of Marx's arguments for historians studying the working class in India. Here Chakraborty raises the important questions of the general paucity of sources for working class in India and argues that ruling class documents are important for what they say and for their "silences". An attempt to understand their silences cannot stop at the purely economic explanation—but has to push itself into the realm of working class culture.

For the period Chakraborty is studying, evidence becomes less scarce from the period of the First World War. The Russian Revolution was still fresh in memory. India was showing rapid industrial growth. With these considerations in mind an effort was made for the "steady betterment of the conditions of labour" (p 266). Factory Acts were awarded. The Bengal government established in July 1920 a post of Labour Intelligence Officer. Factory managers were asked to maintain regular attendance registers. As Chakraborty has shown by carefully sifting the evidence, the conditions of the jute mill labour in Bengal never fully received the documentation that the Government of India had arranged to give them. Investigation into labour conditions was seen as sympathy for labour. The Intelligence Office was saddled with other important duties. Investigation was heavily biased. For example, none of the mentioned diseases to be treated free by doctors was of nutritional origin; only epidemics disrupting work were recorded. Besides, the government of Bengal was unashamedly "pro-capitalist" refusing to distance itself from the particular interests of the industrialists. Thus, even the attendance register that the 1922 Factories Act required the factories to maintain was modified in Bengal to suit the convenience of the jute mill managers. Thus, the industry never produced the necessary documents; and the government lacked the 'political will' to carry out its own investigations. Why was this so?

One reason could be the tight racial bonds between the government and the capitalists. Yet there was no attempt at standardising the "conditions of competition". Another reason was that the jute industries found no international competition, and it accepted 'individualism' as a price for organisational unity and monopoly control. In an interesting argument, Chakraborty shows that "conditions of competition" were more or less at a par with each other (in spite of difference in wage rates). Thus, the mills which payed lower wages spent more on housing etc, and vice versa. A lack of standardisation in wage rates therefore did not necessarily reflect an absence of competitive situation among the mills regarding their labour conditions. The state therefore reproduced in its documents the blinkered vision of capital (p 281). Why was this vision of capital 'blinkered'?

Chakraborty now moves a step further and brings in the useful concept of discipline, considering the nature of work, and technology and the role of supervision. The technology used is found to be extremely primitive, and given the fact that there is always a cheap supply of labour, there was no need to educate the labourer. The worker's relationship with the machine, instead of being mediated through technical knowledge, was mediated through the north Indian peasant's conception of his tools, where the tools often took on magical and godly qualities. The importance of the *sardari* system is now brought to focus. Here the importance of the strong primordial loyalties of community, language, religion, caste and kinship is shown and light is thrown on the corrupt practices of the *sardars* in keeping the workers in order. One reason why this was tolerated was that *sardari* control was cheaper than housing, health care or an articulated body of rules guiding the conditions of work. The legally required factory documents on working class conditions were thus largely irrelevant to the exercise of the *sardar's* authority, which was in the nature of pre-capitalist domination. The *sardar* proved his power by bending rules and falsifying documents. Hence the existence of 'silences' and unreliable documents.

Chakraborty's arguments have been set out in detail for they throw important light on a particular industry during the colonial period of our history. The distortions in this industrialising process are not merely a result of the deliberate policy of colonialists but also due to the existence of a pre-industrial culture among the working class, strengthened by the peculiar conditions under colonialism.

Given the long period that Chakraborty covers in his article, 1890-1940. (practically the entire period of Indian national movement); it is a little difficult to swallow the fact that the jute mill worker remained mainly "community conscious" (we borrow this term from Chakraborty's earlier article, *op. cit.*, *Past and Present*) and under the control of the *sardar*. True, the existing legislation did not show any significant change in trying to accommodate a more 'class conscious' worker. But surely ruling class documents are hardly always as adequate guide for "conditions for knowledge of working class conditions". For instance, there is little attempt to show the changing nature of working class demands. Ranjit Dasgupta (CSSS Occasional Papers, *op. cit.*) has shown how the articulation of demands by workers shows a gradual shift from merely community to incipient class consciousness. For example, there was a gradual shift from demands for religious holidays to demands for increase in wages. In a complex situation like this, notions of class and community tend to get fuzzed up, but over a long period one can discern the growth of a more articulate working class. Do the ruling class documents show any of this change? Chakraborty does not tell us anything about this. One is left with the impression that their consciousness did not show much change and this too in a period characterised by strikes and in a region which saw

the first organised left movement in the country. How will Chakraborty explain the massive strikes which erupted in the 1946-47 phase?

Then there is the question of the control that the *sardar* exercised over his workers. R Newman, in his valuable study, *Workers and Unions in Bombay, 1918-1929*, has shown how, with the passage of years and changing economic condition, the hold of the *sardar* gradually weakened. This was in part due to the *badli* system and in part due to the rising political consciousness of the working class. Was the role of the *sardar* changing in Calcutta? Is there any record of this in the ruling class documents? Could not the 'gaps' in the ruling class records be narrowed if the worker is not just seen as possessing a consciousness that was pre-industrial in nature but a consciousness that was gradually changing with time? Similarly, one gets the impression that the colonial state and foreign capitalists had only one view of the worker. Surely there must be ruling class documents showing the offensives and retreats that they made, accommodating their interests to a developing national movement and its impact on the working class. One comes away from Chakraborty's argument with the feeling that there was little change in the attitudes of both the workers and the industrialists during the entire period. One hopes that in future he will fill in more of the 'gaps' that are the "conditions for knowledge of working class conditions".

IX

Partha Chatterjee's "More on Modes of Power and the Peasantry" is an elaboration of the theoretical portions of his previous piece on "Agrarian Relations and Communalism in Bengal, 1926-1935" in *Subaltern Studies I*. The substance of the argument is not different; it has only been taken up again by the author as the conceptualisations in the earlier article were too cryptic. As a corollary, the critique advanced in this review is also equally applicable to the earlier article.

Firstly, what is meant by a mode of power? According to Chatterjee they are "distinguished in terms of the *basis* of the specification of the 'property' connection (the relations of production) in the ordered and repeated performance of social activities, i.e. the particular pattern of allocations of rights or entitlements over material objects (sometimes extended to non-material objects such as knowledge) within a definite system of social production. The three modes of power I called the *communal*, the *feudal* and the *bourgeois* modes." (p 317). Chatterjee relates this concept of mode of power to the concept of mode of production. Chatterjee says that "the 'real appropriation' connection is the specific field of social production in its techno-economic aspects for the study of which there are appropriate categories and analytical relations". What he is concerned with are the categories and relations relevant to the analysis of the 'property' connection (p 316). The whole argument thereafter is the elaboration of this concept of modes of power

which corresponds, according to Chatterjee, to the property connection.

The analysis of any mode of production can only be carried out by taking both these factors, the forces and relations of production, into account. In fact, the division of labour takes place at two levels analytically—technical and social. Both these levels are indivisible and no one-dimensional study is possible. In *Capital*, Vol I, for instance, Marx has taken pains to go into details of the technical division of labour in the immediate process of production and the generation of surplus value through this process.⁴⁰ But for Chatterjee all this is “the bog of techno-economic determinism” (p 314). As we will see later on, because the conceptual tools developed by Chatterjee are delinked from the process of production, they are also delinked from determination by the modes of production.

The reason for this separation of process of production and relations of production in Chatterjee's argument is not difficult to understand. From the property connection being used as shorthand for the relations of production what he does is to use the concept of property in its legal-juridical sense. He declares that the analysis of the property connection is “the question of rights or entitlements in society, of the resultant power relationship, of law and politics, of the process of legitimation of power relation, etc” (p 316). It is therefore very clear that what is being analysed is not the structure of production relations which is internal to the economic infrastructure of society, but the political-juridical structures which are part of the superstructure. Playing on the apparently common words signifying two different relationships he tries to legitimise his concept of modes of power. He righteously declares that it is related to the property connection which are the relations of production, but what he actually means is the study of merely the political forms existing in society. He declares that the study of the process of production is “techno-economic determinism”. But what in effect he is criticising is not just the study of forces of production, but also the relations of production to which his property connection in no way corresponds despite his assertions. It is because of this that he starts his article with an appreciative summary of Robert Brenner's recent contributions to the debates on the transition from feudalism to capitalism. For Chatterjee, Brenner's contribution is important because it locates “the element of ‘indeterminacy’ in the transition problem in the specific *political* form of the class struggle” (p 315). The question which emerges for Chatterjee is: “What are the distinctive categories with the help of which specific political problems... can be posed within a general framework of theory?” (p316). The modes of power is the specific category developed in reply to this question. The concept of modes of power does not therefore relate to the study of relations of production, but to that of the political superstructure. Because of this Chatterjee can develop his analysis without recourse to

the concept of modes of production and the concept of the determination of the political and ideological levels in the last instance by the economic level. This is not the occasion to go into the complexities of the debate on the transition from feudalism to capitalism in Europe, but it should be noted in passing that Brenner has been criticised by Guy Bois for precisely this lack of any conception of what constitutes a mode of production.⁴¹

Coming now to the specificities of the categories developed by Chatterjee: "*Communal* mode of power exists where individual or sectorial rights, entitlements and obligations are allocated on the authority of the entire social collectivity, i.e., the community." (p 317). The theoretical foundation on which this category is developed is the section on "forms which precede capitalist production" in the texts which Marx wrote in preparation for *Capital*, now published as the *Grundrisse*.⁴² The section on pre-capitalist formations in the *Grundrisse* are some of the most stimulating texts written by Marx, but they are also the most controversial. As far as the status of these texts are concerned, they were written not in order to elaborate a theory of pre-capitalist modes of production but in order to explain the genesis of capitalism. According to Hobsbawm and Texier pre-capitalist formations were important in a negative way only insofar as they contained the preconditions of capitalism.⁴³

According to Marx, the fundamental difference between pre-capitalist and capitalist modes of production was that in the pre-capitalist formations there was no separation of the producer and the means of production. Because of this Marx has lumped together all the pre-capitalist formations though it is obvious that he did not believe that they had the same socio-economic structures. According to Marx, the first form of property was tribal property and other forms of property were developments from this. The four main forms of development from tribal property were the Asiatic, the Slavonic, the Germanic and the Classical Ancient forms. Chatterjee theorises that these four forms were based on communal property and therefore stood in opposition to the feudal mode of power which was "characterised fundamentally by sheer superiority of physical force, i.e., a relation of domination" (p 317). Feudal power which includes slavery as well as serfdom as relations of production realised within it was marked "in terms of the categorical opposites *community/external domination*" (pp 333-334). However, as indicated above, what Marx was concerned about in these manuscripts was not the characterisation of pre-capitalist modes of production, but of only their opposition to the capitalist mode of production. It is very strange that the Ancient mode of production based on slavery is grouped by Chatterjee in the communal mode of power, while at the same time slavery and serfdom are taken to be constitutive of feudal mode of power, with its opposition between community and feudal power. As is obvious, these two positions are internally inconsistent.

According to Marx, all pre-capitalist modes of production were based on the community. Slavery and feudalism were also part of this "communal organisation" which included "all these forms where landed property and agriculture form the basis of the economic order and consequently the economic effect is the production of use values...."⁴⁴ We have seen that Marx had relegated the slave-based Ancient mode of production to communal power. This was because in ancient Greece and Rome it was the political level of citizenship which determined ownership of land. It did not mean that the society was not a class society. Recently, de Ste Croix, in his *The Class Struggle in the Ancient Greek World*, has demonstrated conclusively that classes and class struggle existed in ancient society.⁴⁵ As far as feudalism is concerned, Marx again envisaged it as part of the original categorisation of the four basic variants of the original form of property. This can be seen from his assertion that "the middle ages (Germanic period) starts with the countryside as the location of history...."⁴⁶ In a long passage, Marx stated clearly that slavery and serfdom were also forms of pre-capitalist property which were communal in nature.

"The extra-economic origin of property is the pre-bourgeois relationship of the individual to the objective conditions of labour, and in the first instance to the nature of objective condition of labour the original conditions of production cannot initially be themselves produced... what we must explain is the separation of these inorganic conditions of human existence from this active existence, a separation which is only fully completed in the relationship between wage labour and capital. In the relationship of slavery and serfdom there is no such separation... the original conditions of production appear as natural pre-requisites, natural conditions of existence of the producer... his property, i.e., his relations to the natural pre-requisites of his production as his own is mediated by his natural membership of a community."⁴⁷

That this is not an isolated reference but was central to Marx's conceptualisation of pre-capitalist society in general can be seen from the following passage from the *German Ideology*: "The first form of ownership is tribal ownership...the second form is the ancient communal and state ownership. It is the communal private property which compels active citizens to remain in this natural form of association/over against their slaves. The third form of ownership is feudal or estate property... like Tribal and communal ownership, it is based again on a community but the directly producing class standing over against it is not, as is the case of ancient community, the slaves, but the enserfed small peasantry..."⁴⁸ What Marx is trying to work out in the manuscripts is that it is only under capitalism that the labourer and the means of production are separated. In the pre-capitalist modes of production there is a natural unity between the labourer and his means of production which is structured and mediated by the community. Obviously every thing here rests on the characterisation of this

< community. From the community we cannot jump to the "communal mod of power". What Marx is emphasizing is that property is not an individual but a social relationship which depends on the social relations of production. He compares property with language which also is a profoundly social act.

"The individual is related to his language as *his own* only as the natural member of a human community. Language as the product of an individual is an absurdity. But so also is property...*property* therefore means belonging to a tribe."⁴⁹ If the same relationship posited by Chatterjee for property is applied to language it would mean that all societies where language is spoken would fall under the communal mode of power, since language is a communal activity.

Chatterjee gives a number of concrete examples of stateless communal societies with special reference to Africa. Here again the basic problematic of Chatterjee becomes apparent and that is a consideration of the property connection at the politico-juridical level without any consideration of the economic basis of these communal forms. Evans-Pritchard, whose texts are appreciatively quoted by Chatterjee, clearly states in his study of segmentary lineage system of *The Nuer* that "we have tried to show how the lines of political cleavage tend to follow distribution in relation to modes of livelihood."⁵⁰ It is significant that though Chatterjee traces his own methodology to the concept of modes of production, recent studies on classless societies which have utilised this concept have been largely ignored by him. The methodology of the functionalist scholars who are generally cited, has an inbuilt bias towards portrayal of stateless societies as idyllic structures in which there is a perfect situational symmetry of forces. The gross inequality and exploitation which exists in stateless societies is glossed over. The lineage society studied in the twentieth century was already in a process of change and cannot be regarded as merely primitive communism or primieval society. As Georges Dupre and Pierre Philippe Rey have emphasised, lineage society maintained itself through participation in the slave trade for over four centuries. Europeans obtained their supply of slaves largely by manipulating lineage societies in which this trade strengthened the hold of the lineage elders. Other studies have shown that certain segmentary societies subsisted only on the basis of slave trade. In certain lineage-based societies, slaves accounted for 20-60 per cent of the population, but the formal organisation was still segmentary.⁵¹ Chatterjee notes the existence of inequality in lineage society, but for him this was the result of domination imposed by conquering groups. Where lineage society contained external exploitation it was already on the way to becoming a society with institutionalised coercive apparatus (pp 324-325). With agricultural production the hunting-gathering bonds are transformed to tribal society which becomes more and more hierarchical in nature. The tribe itself is a residuary category between hunting-gathering bands and state societies. Too much

cannot be read into the existence of apparently egalitarian tribal communities.⁵²

Anyway, the concept of tribe and the importance of kinship in these societies is not something which can be located in the evolution of the political process alone, but has to be situated in the context of determinate mode of production. According to Emmanuel Terray, "lineage is the realisation, of the *production community*", and that kinship relations are the product of the structural causality of the economic politico-juridical and ideological determinates of a mode of production.⁵³ According to Maurice Godelier, also, even if kinship or politics is the dominant structure, the determining structure continues to be that of the production relations.⁵⁴

Let us turn now to the feudal mode of power which, according to Chatterjee, was "characterised fundamentally by sheer superiority of physical force, i.e., a relationship of domination" (p 317). The feudal mode includes within itself not only serfdom but also slavery. In this he has based himself on the lumping together by Marx of slavery and feudalism as two paths to the development of tribal property. From this Chatterjee wrongly concludes that slavery and serfdom were characterised by a similar mode of power and that therefore they correspond to the same mode of production. But this cannot be, for, after all, mode of power, according to Chatterjee, is linked to the property connection corresponding to the relations of production. It would mean that slavery and petty peasant production are the same. Even if the alternative usage of mode of power as corresponding to the political superstructure of a mode of production is used, it means that slavery and feudalism are the same mode of production since, if the determined political form is exactly the same, the determining levels also are the same. It is improbable that any historian today holds the view that slavery and serfdom are the same relations, and the political structures corresponding to these relations are the same. According to Chatterjee, the lord's right to rent is a function of the lord's control of the person of the labour. "The labourer is a part of the landlord's property" (p 335). However, such rights were only a part of the landlord's total privileges. Other forms of domination included monopoly over land and jurisdictional rights. Feudalism has been defined by Guy Bois as the "hegemony of small scale production plus the seigneurial levy which is secured by a constraint of extra economic or political nature".⁵⁵

The basic point is that feudalism is decisively different from slavery in that under slavery the reproduction of labour power is dependent on the slave owner's control of the production process. On the other hand, under feudalism, the reproduction of labour power is carried on independently of seigneurial control. This is true whether the peasant is free or dependent or whether rents are paid through labour or in cash.

Chatterjee seems to believe that the opposition between small

peasants and lords under feudalism was something which was characteristic of feudalism being imposed on the small peasantry. According to him, this can be expressed in the opposition between community and feudal power. However, as Marc Bloch and George Duby have pointed out, the peasantry characteristic of feudalism was not a legacy of a mythical communal past, but was a result of the fusion of the slaves and free peasants into a uniform class of dependent peasantry.⁵⁶

But for these problems which are inherent in the very category of modes of power, the sections on feudalism, are the best parts of the article. The opposition between the institutionalised power of the nobility crystallised in certain formations in the state and the peasants organised in terms of village communities is incisively analysed. The formation of peasant consciousness and its functions in different situations, especially rebellions, has been well brought out. Perhaps the reason why the contradictions of feudalism are well brought out is because the level of rent being determined by the objective balance of class force between the peasants and the lords has been emphasised.

In the consideration of the transition from feudalism to capitalism, he proceeds to enumerate the "main elements which describe the class struggles in this period, a feudalism in crisis, a rising bourgeoisie, the absolutist state, varying levels of solidarity among the peasantry" (p. 346). Here the methodological weakness of Chatterjee's approach which focuses on the opposition between the peasantry and lords is very clear. According to him the crisis of feudalism and the emergence of the bourgeoisie are "new elements" which "together create the conditions of a possibility for a transition" (p. 346). But as feudalism has been characterised as only the opposition of the peasants and the lords, the reason for the sudden emergence of these new elements is left unclear. It cannot be reconciled with the concept of power, especially as earlier he has praised Brenner for having transformed the terms of the transition debate by extricating it from "the bog of techno-economic determinism of depopulation, declines of productivity..." etc (p 314). In fact classes constitute themselves as such only on the basis of social relations of production which again are linked to the production process. Seeing the transition only in terms of the opposition between the feudal mode of power and the peasant communal mode of power is a profoundly Hegelian view of the totality which inculdes two paradigmatically opposed forces. It cannot account for the development of a new mode of production, i e, capitalism, since it cannot explain why capitalist relations of production, in which peasants lost control of the means of production, should develop out of a situation of supposedly successful class struggle of the peasantry. In fact, as Rodney Hilton has emphasised, peasant movements were invariably led by rich peasants who themselves later formed part of the capitalist class.⁵⁷

This brings us to the second point concerned with the existence

of the peasantry in the capitalist mode of production. According to Chatterjee, "to the extent that a peasantry continues to exist as peasantry in a society dominated by capitalism, it represents a limit to bourgeois hegemony" (p 347). This again is difficult to accept. The peasantry which is self-employed on the family farm can co-exist with advanced capitalism. The family farms take on the economic rationality of small enterprise dominated by large industrial units. The peasantry continues to exist as a distinct category for instance, in France, Greece, Japan, the USA, etc. In no case is it in antagonistic contradiction with capitalism. In fact, as indicated above, the peasantry's contradiction with feudalism becomes acute and historically important only when the peasantry is closely articulated to the capitalist economy. It is because of this articulation that the peasantry of late medieval West Europe struggled against feudal constraints and thus was instrumental in the transition from feudalism to capitalism.

This brings us to the final weakness of the whole concept of modes of power. The development of history seems to be a dialectical relationship of two modes of power contending with each other. This is a very partial view of history, if only it cannot really account for progressive development since everything is contained in the evolution of the communal mode of power which, like the Hegelian giest, is throughout history striving for its self-realisation. Finally, it should be reiterated that despite Chatterjee's attempt to situate the concept of modes of power in the context of modes of production, the two concepts are fundamentally incompatible. This is because modes of power do not allow for the combined effect on any level of the various structures contained within a mode of production. The concept of political power isolated from the economic domain is a Nietzschean concept which has recently found favour with the neo-rationalists and neo-positivists and an attempt to combine this with the concept of modes of production is bound to flounder.

- 1 Ranajit Guha (ed), *Subaltern Studies II: Writings on South Asian History and Society* Delhi, Oxford University Press, 1983.
- 2 Gramsci, *Selection from the Prison Notebooks*, New York, 1971, pp 196-199.
- 3 Raymond Williams, *Marxism and Literature*, Oxford, 1977, and "Basic and Super-structure in Marxist Theory", in *Problems in Materialism and Culture*, London, 1980
- Lucien Goldman, *Le Dieu Cache*, Gallumard, 1959; Levi Strauss, *La Pensée Sauvée*, Paris, 1962, especially p 155; Althusser, *Essays in Self-criticism*, London, 1976.
- 4 Michel Vadee, "L'epistemologie dans la philosophie Occidentale contemporaine", *La Pensée*, no 220, 1981, pp 85-97; Bernard Michaux, "Neo Positivism: Heritage et critique", *La Pensée*, no 230, 1982, pp 69-76; Ludevico Geymonat, "Du Neopositivisme au materialisme dialectique", *ibid*, pp 77-84; Wittgenstein, *Tractatus Logico-Philosophicus*, New York, 1961.
- 5 Christopher Hill, "People and Parliament in Seventeenth Century England", *Past and Present*, no 62, 1981.
- 6 For example, T J A Le Goff and D M G Sutherland, "The Social Origins of Counter Revolution in Western France", *Past and Present*, no 93, May 1983, pp 65-87.

- 7 For example, Baba Ram Chandra's private papers in the Private Papers Section of Nehru Memorial Library and Museum (New Delhi); Awdheswar Prasad Sinha, *Bihar Prantiya Kisan Sabhaki Report (1929-35)*, Patna, 1935; Swami Sahajanand Saraswati, *Mera Jeevan Sangharsh*, Bihta, 1947; N G Ranga, *The Modern Indian Peasant*, Madras, 1936; and Sunil Sen, *Agrarian Struggle in Bengal (1946-47)*, New Delhi, 1972.
- 8 Henri Lefebvre, *Le Langage et la Societe*, Paris, 1966, especially pp 137-144.
- 9 Roland Barthes, "Myth Today", in *Mythologies*, London, 1974, especially pp 116, 122, 125-126.
- 10 Roland Barthes, "Change the Object Itself—Mythology Today", in *Image Music Text*, Glasgow, 1977, pp 164-169; Edwin Ardner, "Introductory Essay: Social Anthropology and Language", in Ardner (ed), *Social Anthropology and Language*, London, 1971.
- 11 Yves Gilli, "Les rapports textes—historie et l'eslhetique de la reception en RFA", *La Pensee*, no 223, 1983, pp 117-125; G Pagbiano Ungari, "Le dialogue oeuvre—Lecture", in *Le Structuralisme Genetique L' Oeuvre et influence de L Goldman*, Paris, 1977, pp 137-142.
- 12 Roland Barthes, "Structural Analysis of Narratives" in *Image Music Text*, pp 79-124.
- 13 Pierre Macherey, "L'analyse litteraire, tombeau des structures", in *Pour une Theorie de la Production, Litteraire*, Paris, 1968, pp 159-180.
- 14 W W Hunter, *Annals of Rural Bengal*, London, 1868, pp 219-121. For an account of the suppression of this rebellion, see Major J Browne, *India Tracts: Containing a Description of the Jungle Terry Districts, their Revenues, Trade and Government with a plan for the Improvement of Them All*, Black Friars. For an analysis, see K K Dutta, "The Santhal Insurrection of 1855-57", in *Anti-British Riots and Movements before 1857*, Meerut, 1970, pp 43-152.
- 15 *Ibid.*
- 16 Ranajit Guha, *Elementary Aspects of Peasant Insurgency in Colonial India*, Oxford, 1983 p 13.
- 17 Rodney Hilton, *Bond Men Made Free*, London, 1977, pp 124-125; 207.
- 18 Lucien Goldman, "Conscience realle et conscience possible, conscience adequate et fausse conscience", in *Marxism et sciences Humaines*, Gallimard, 1970. pp 121-129.
- 19 Lenin, *Materialism and Empirio-criticism. Critical Comments on a Reactionary Philosophy*, Moscow, 1970. Also Pierre Macherey, 'L' Historie de la philosophie consideree comme une lutce de tendances', *La Pensee*, no 185, 1976, pp 3-25.
- 20 Marcel Mauss, *The Gift*, London, 1954; Claude Levi Strauss, *Structural Anthropology*, New York, 1963; Maurice Godelier, "The Phantasmatic Nature of Social Relations", in *Perspectives in Marxist Anthropology*, Cambridge, 1978, pp 169-220.
- 21 Marx, *Capital*, Vol 3, Moscow, 1974, p 817; the same point is developed by Lukacs, *History and Class Consciousness*, London, 1971.
- 22 Althusser, *Essays in...*, *op cit*, pp 44-49.
- 23 Marx, *Grundrisse*, Harmondsworth, 1973,—the intro; Althusser, "Contradiction and Overestimation", in *For Marx*, London, 1969, pp 87-128; and, Althusser and Balibar, *Reading Capital*, London, 1975, pp 11-70.
- 24 That the scarcity of source material on the seventeenth century specifically need not be a drawback, is evident from the work of Amalendu Guha, who has competently discussed different aspects of the society and economy of this region; see for example, Amalendu Guha, "Appendix: The Medieval Economy of Assam", in Tapan Raychaudhuri and Irfan Habib (ed), *The Cambridge Economic History of India*, 1982, Vol 7, pp 418-505; also his, 'Land Rights and Social Classes in Medieval Assam', *Indian Economic and Social History Review*, Vol III, 1966.
- 25 Amalendu Guha, "Medieval North-East Indian (1200-1750)", Occasional Paper No 19, Centre for Studies in Social Sciences, Calcutta, p 11.
- 26 E A Gait, *A History of Assam*, 1926, p 64.

- 27 Guha, *Cambridge Economic History*, *op cit*, p 503
- 28 *Ibid*, pp 502-503; also his "Tribalism to Feudalism in Assam, 1600-1750", *Indian Historical Review*, Vol I, 1974.
- 29 Amalendu Guha, *Occ Paper*, No 19, *op cit*, p 11.
- 30 S C Dutta, *The North-East and the Mughals, 1661-1784*, 1984, intro, p 24.
- 31 Padmeshwar Gogoi, *The Tai and the Tai Kingdoms*, 1968, p 356.
- 32 *Ibid*, p 357.
- 33 *Ibid*.
- 34 Dutta, *op cit*, p 24.
- 35 A R Khan, *Chieftains in the Mughal Empire During the Reign of Akbar*, 1977, especially the intro and the conclusion. It is worth noting here that while centralising and uniformly regulating the revenue assessment and collection framework, in all the newly conquered *subas*, and revamping the judicial administration concomitant with it, the Mughal emperors, by and large, left local customs and social relations undisturbed.
- 36 See Tapan Raychaudhuri, "The State and the Economy", in Raychaudhuri and Habib (ed), *The Cambridge Economic History*, *op cit*, p 178; also R P Rana, "Agrarian Revolts in Northern India during the Late Seventeenth and Early Eighteenth Centuries", *Indian Economic and Social History Review*, XVIII, 3 & 4.
- 37 See for example, Irfan Habib, *Agrarian System of Mughal India* (1963) and his "Forms of Class struggle in Mughal India", Aligarh Muslim University, Dept. of History; mimeo, p 47. R P Rana, *op cit*, reinforces this position in his study of agrarian unrest in *subas* of Agra and Ajmer.
- 38 Irfan Habib, "Forms of Class...", *op cit*, pp 54-55.
- 39 *Congress Socialist*, December 26, 1936.
- 40 Karl Marx, "Appendix: The Results of the Immediate Process of Production" in *Capital*, Vol I, Harmondsworth. Also see Part III, "The Production of Absolute Surplus Value", Part IV, "The Production of Relative Surplus Value", in *ibid*.
- 41 Guy Bois, 'Against the Neo-Malthusian Orthodoxy: Symposium on Agrarian Class Structure and Economic Development in Pre-industrial Europe', *Past and Present*, no 79, 1978, pp 67-69.
- 42 "Forms which precede capitalist production", in Marx, *Grundrisse*, Harmondsworth 1973, pp 471-475, translated by Martin Nicolaus.
- 43 'Introduction' in Hobsbawm (ed), *Karl Marx: Precapitalist Economic Formations*, New York, 1972, p 43; Jacques Texier, 'Le privilege epistemologique du present et la necessite du moment genetique dans les Grundrisse de Karl Marx', *La Pensee*, no 225, 1982, pp 40-52. I am grateful to Sangeeta Singh for researching and discussing the French texts with me. Also see Sudipta Kaviraj "On the Status of Marx's Writings on India", *Social Scientist*, Vol 11, No 9, September 1983, pp 36-41.
- 44 Marx in Hobsbawm (ed.) *op cit*, pp 80-81.
- 45 G E M de Ste Croix, *The Class Struggle in the Ancient Greek World*, London, 1981.
- 46 Marx in Hobsbawm (ed.), *op cit*, pp 77-78.
- 47 *Ibid*, pp 85-88. Emphasis added.
- 48 Marx and Engels, "The German Ideology", in Hobsbawm (ed), *op cit*. pp 122-125. Emphasis added.
- 49 *Ibid*, pp 88, 90.
- 50 E Evans-Pritchard, *The Nuer*, New York, 1978, p 190.
- 51 George Dupre and Pierre Philippe Rey, "Reflection on the Relevance of a Theory of the History of Exchange", in Seldon (ed), *Relations of Production: Marxist Approaches to Economic Anthropology*, London, 1978, pp 171-208.
- 52 For a study of exploitation based on sexual domination, see Maurice Godelier, *La production des Grands Hommes: Pouvoir et Domination Masculine Chez les Baruya de Nouvelle Guinee*, Fayard, 198.
- 53 Terray, *op cit*, p 126, 143-145.

- 54 M Godelier, *Rationality and Irrationality in Economics*, New York, 197, pp ix, 92-95.
- 55 Guy Bois, conclusion of "Crisis in Feudalism" (manuscript of the English translation in the J N U Library, New Delhi.
- 56 Marc Bloch, "The Rise of Dependent Cultivation and Seignorial Institutions" in *Cambridge Economic History of Europe*, Vol I, and Georges Duby, *The Early Growth of the European Economy: Warriors and Peasants from seventh to the twelfth centuries*.
- 57 Rodney Hilton, "Medieval Peasants: Any Lessons", *Journal of Peasant Studies*, Vol I, 1973-74.

History in the Present Tense: On Sumit Sarkar's 'Modern India'

I

IN THE RECENT YEARS, as several universities have gone through the motions of revising their syllabi for under-graduate and post-graduate students, there has been considerable discussion on the availability of adequate text-books. The discussion has, however, mainly veered round the question of the language of the text-books, their physical availability and, only occasionally, on their quality. Rarely, if at all, has there been much discussion on the very *role* of text-books, such as they are, in under-graduate and post-graduate education in Indian universities. Are text-books mere starting points of education or do they represent the very end of education—veritable encyclopaediae on particular subjects—meant to tell students all, omitting no detail howsoever slight? What is the relationship between the teacher and the text-book? Do text books become substitutes for the teacher?

Since the *role* of text-books has never been adequately discussed, the purveyors of packaged knowledge have made hay. Bearing the heavy burden of unfiltered knowledge, the clients in the educational system—the students—have been forced to accept as common currency the 'Bazaar Notes' which have encapsulated the information and analysis required of them to pass out through the narrow gates of academe. And, as the numbers of such 'Guides', 'Notes' and 'Keys' have proliferated, inculcation of 'logical thinking, the honing up of the scientific investigation, critical analysis and even good reading have been pushed inexorably to the edges of the academic scene.

In supplying such packaged knowledge, which saves the young student the trouble of reading anything else, or thinking for himself, private enterprise has to date played the most important role. In the field of history, the prolific L Mukherjee, the redoubtable V D Mahajan or the partnership of Grover and Sethi, etc, have helped thousands of students in passing examinations. Recently, however, the State Text Book Corporations, the National Council of Educational Research and Training and the National Book Trust have made the production of packaged knowledge a public sector activity also.

The publication of Sumit Sarkar's *Modern India*,* undoubtedly one of the significant occurrences in the production of text-books, is an important milestone in this process of encapsulating information and analysis "for the benefit of students". Hence, although this book by itself is an extremely valuable addition to history-writing as such, discussion on it must start with taking into account the role such a significant publication is likely to play as a *text-book* or as a very valuable and very convenient *handbook* on the history of modern India to be used by students.

According to the author, "The present work has a twofold aim. It attempts a synthesis of the massive data unearthed in recent years by a flood of monographs on specific problems in political, social and economic history. At the same time it explores, in the light of my own research interests, the possibilities of a 'history from below' as distinct from the usual tendency in the historiography of Indian nationalism to concentrate on the activities, ideals or factional manoeuvres of leaders" (p vii). What this means for students who can stop worrying and start loving modern Indian history examinations is that they can get everything the examiners want to ask about the subject at one place without the trouble of going to the original authors. In different educational contexts, this is going to have serious implications. For one, this is perhaps the first good text-book on history for post-secondary school students going through university systems which expect them to either read more than one book for a subject or to make analysis and conceptualisation for themselves, or ideally, both. But the book, by the very virtue of the fact that it is so good, may well defeat the purpose; In a situation as in some metropolitan universities where able teachers and supplementary reading material are available to the students, the book may serve to ignite the need for further investigation and independent analysis. In other situations, like *mofussil* colleges where total holdings in libraries may not exceed a few hundred books, reading this particular book could encompass the totality of learning history of "modern India", uncritically and perhaps uncomprehendingly, as there would be no opportunity for cross-reference. This last aspect is quite significant as, and this is one of the qualities of the book, it is not a mere compendium of fact and opinion like various earlier 'text-books' allowing the reader to take his pick from various conclusions recorded but an original piece of research admittedly and self-consciously attempting to take a particular approach. As such, it is only fair to compare it with similar publications by Christopher Hill, Eric Hobsbawm etc. It can be said about Sumit Sarkar as was said about Hobsbawm that, "under guise of a text book he has produced an original and masterly reinterpretation of

*Sumit Sarkar, *Modern India: 1885-1947*, Macmillan India Limited, New Delhi, 1983, pp xiv & 486, Rs 26.50 ("subsidized by the Government of India, through the National Book Trust, India, for the benefit of students").

(Western) economic (not to speak of social and political) history".¹ Such books certainly have more than one use and Sumit Sarkar's book too will be read and used by people other than those preparing for examinations. However, as it has been published in its present form "for the benefit of students", first examination of its content must be carried out from their point of view, that is, from the point of view of someone who is not already grounded in the facts and controversies which are current knowledge among professional historians but one who is reading history probably for the first time. Such a person may well get confused with names, dates, events, etc, popping up suddenly at him without adequate background information. This is not to say that the style or context of the book should have been diluted with additional information on each aspect covered but a chronology, glossary, an adequate index, a few maps and some degree of background biographical, geopolitical, sociological and other information would be of immense use to students. On the other hand, if the book is aimed at a wider readership than only students, it should have recorded a caveat to this effect as Hobsbawm has done with regard to his own work: "This book will certainly be read by some who wish to pass one or other of the numerous examinations in economic and social history which face students today, and I naturally, hope that it will help them to do so. However, it is not designed simply as a text book, nor can it be used very profitably as a book of reference.... (What it covers) should be of interest to any intelligent citizen, and I have therefore tried to write in as non-technical a way as possible and to assume no prior knowledge of any of the social sciences in the reader. This does not mean that the questions asked here in ordinary prose could not be reformulated in the more technical language of the various disciplines. However, I have assumed an elementary knowledge of the outlines of British history... It would be helpful if readers who happen not to know what the Napoleonic Wars were, or are ignorant of names such as Peel and Gladstone, were prepared to find out on their own."²

But Sumit Sarkar's book has been published without such an assumption explicitly stated and we shall take it for what it is, much more than a text book: "it explores ..the possibilities of a 'history from below' as distinct from the usual tendency...."

It is on this last aspect that the book needs to be critically examined, precisely because it is an exceptionally good book in many ways and, further, it is likely to be *the* book for many students of history and, as such, *the* example of 'history from below'. The very fact that Sumit Sarkar has authored this volume will also make the book important for many readers who are familiar not only with his earlier work which is of exceptional quality but also with him as an inspiring teacher, an outstanding scholar and an unorthodox analyst who is a challenge to any 'grey eminence' in the history trade in India today. That such a scholar also acknowledges "with particular gratitude and pleasure a

nightlong discussion with Ranajit Guha (the trend setter in *Subaltern Studies*)...which modified many of my ideas..." (p viii) will make many others look eagerly to this 'history from below'.

It is with this realisation of the significant place which the book will occupy that it needs to be studied carefully *and* critically.

II

Conventional historiography "eddies round obscure dates and deservedly obscure biographies of kings and prophets".³ In recent times, various attempts have been made to get a new perspective on history, asserting that "the more important question is not who was king, nor whether the given region had a king, but whether its people used a plough, light or heavy, at the time".⁴ Such attempts at a new understanding of history take as their point of departure the view that "history must reflect man's progress at satisfying his needs in cooperation with all his fellow men, not the success of a few at satisfying them at the expense of most of their fellow men. ... To maintain that history has always been made by such backward, ignorant, common people, and that they, not the high priest, glittering aristocrat, war-lord, financier, or demagogue, must shape it better in future, seems presumptuous formalism. Nevertheless, it is true."⁵ Further, the new historiography is action-oriented: it questions the inequities obtaining in present-day society and concerns itself with changing the situation for the better: "the answer has to be worked out by correct thinking, for which the study of history is quite indispensable. But the solution has then to be made a reality by correct action, which means a step beyond mere study of the past."⁶

It is with this perspective, looking not on the past nor even on the 'given' present but on a desirable future, a future based on the aspirations of today's oppressed people, that new historiography challenges conventional wisdom. And, in doing so, it rejects the perimeters laid down by tradition, convention and 'knowledge from above' regarding both content and method of study of human activity. Many professional historians, taking this perspective, have produced new insights on the lives and deeds of hitherto obscured sections of society. Even more significantly, many others, who are as such not practitioners of the trade of history but have been active participants in social change processes based among the people at the bottom of the social hierarchy, have written first-hand accounts of those movements. Others, scientists and literati, anthropologists and sociologists, have been paying attention to different aspects of 'folk activity', invention and adoption of technologies related to production, the accumulation of 'folk-memory', the development of 'folk consciousness', the social articulation of the understanding of their situation arrived at the 'popular' level—all elements in a new perspective on the past and critical evaluation of the present directed towards the appreciation of the possible human futures from which the real future

will emerge, not inevitably or in a manner pre-determined by "historical antecedents" but by conscious human activity. History, as Marx warned us, provides no answers and will not fight our battles for us. By itself history does nothing; it is men—"real, living men" fighting for their ideals—on whom the outcome will depend. History from below is thus activist, popular and partisan.

And, writing 'history from below' is not easy. The concept itself is revolutionary. The power of socialisation exercised by conventional wisdom is so strong that it is extremely difficult to break out of the boundaries set from above and creatively apply the concept of 'history from below'. The process brooks no compromises: one cannot serve both 'the above' and 'below' simultaneously. It is just as necessary for such an exercise to look down on the above from below; rejecting conventional factual and analytical knowledge, as to find new facts and interpretations. Unfortunately, in many instances, this rejection is not carried out strongly enough and the attempt ends up by mere accretion rather than innovation. There is still in much of this 'new' writing the search for the absolute and complete historical 'truth' in spite of the theoretical realisation that there are no absolutes. At best what is admitted, even by the practitioners of such 'new' history-writing, is that the absolute truth has not been arrived at because knowledge is, to date, incomplete. The attempt is, therefore, restricted to filling in the gaps in the conventional picture of the past by *adding* to the 'history from above' aspect of 'history of the below'. 'New' historiography, in many cases, merely widens the frame of the conventional picture of kings, prophets, great men, *mahatmas* and significant events (in cinematographic parlance, a close-up is replaced by a middle distance or even long shot,) finds gaps in the picture, and attempts to include mortals lesser than kings and prophets into the enlarged picture. If there are still blank spaces in the picture, attempt is made to fill in further detail. Within the existing, albeit expanded, framework are added a struggling tribal here, a rack-rented peasant there, an emerging proletarian elsewhere. The picture becomes more full and there are more details to notice. But the canvas and the frame remain the same, bounded by 'elite' events and dates. In such cases, subaltern studies become more sub-alternative studies and 'history from below' is replaced by 'history at the below' or at best, 'history of the below'. As an eminent professional historian Sabyasachi Bhattacharya has pointed out, "The history of the 'oppressed', or 'history from below' is not merely the addition of some 'radical' topics to the historians' stock in trade. ... History of the poor should not be just poor history."

In spite of the self-conscious attempt on the part of Sumit Sarkar to remedy some of these defects, his book too, at least in some respects, suffers from this limitation in exploring "the possibilities of a 'history from below' as distinct from the usual tendency in the historiography of Indian nationalism to concentrate on the activities, ideals, or

factional manoeuvres of leaders”.

Let us take one of the limitations of traditional historiography that Sumit Sarkar places on himself: his points of beginning and ending the book—1885 and 1947. The reader may justifiably ask the relevance of these dates in beginning and ending a ‘history from below’. The author states, “The sixty years or so that lie between the foundation of the Indian National Congress in 1885 and the achievement of independence in August 1947 witnessed perhaps *the greatest transition in our country’s long history*” (p 1; emphasis added). Mark the final words. The starting point of “the greatest transition in our country’s long history” is indicated not by any reference to changes in the forces of production obtaining in it, nor of the particularity of relations of production, nor of natural events which are cataclysmic enough to become significant points of reference in popular memory nor a major occurrence of popular upsurge, nor, for that matter, the enactment of the Bengal Tenancy Act (also in 1885), the first legal recognition of a large dent made from below in the Permanent Settlement but “the foundation of the Indian National Congress”, an event when an “attempt launched *at the initiative of Allan Octavian Hume* succeeded on a permanent (sic) basis, and 72 *largely self-appointed delegates* met for the first session of the Indian National Congress at Bombay in December 1885” (p 88, emphasis added). The author elaborates: “While 1885 was chosen *mainly for convenience* it can be argued that what is *recognizably* ‘modern’ India began not with the *Mughal break-up* or with *Plassey*, but during the latter half of the nineteenth century” (p vii, emphasis added). Two significant issues arise from this: (i) the question of the historian’s ‘convenience’ in attempting a ‘history from below’ and (ii) the quadri-partition of history into the water-tight compartments of ‘ancient’, ‘medieval’, ‘modern’ and almost as an after-thought, ‘contemporary’.

The first quality which differentiates ‘history from below’ from conventional historiography is that through ‘history from below’ historical learning is transformed from an exercise in favour of conservatism to an active struggle principally directed towards change through “autonomous popular movements” (p vii). And, if this is the concern of the historian, his personal ‘convenience’ has no place in determining a particular event or personality to be of significance. History is what specific people in specific situations collectively and actively ‘recollect’ of their past in understanding their present, living in it and in attempting to change it. As a political exercise, therefore, it ought not to be left to be determined merely by the pleasure of the ruling classes or the convenience of the professional historian. “History is much too important a matter to be left to the historian.”⁸ Ruling classes and groups have always attempted to control history, invoking the secrecy of the archives, controlling historical knowledge, practising deliberate occultation and falsification, ruthlessly uprooting and destroying evidence of

significance in the popular mind, selectively releasing 'facts' for the amusement of the professional historian and, almost at will, making a particular event seem significant, or insignificant, for the convenience of the historian. And professional historians have swallowed this bait thrown by the ruling classes in the mistaken belief that the boundaries of history are left to be drawn according to their technical, specialised competence. Indeed, they have encouraged narrow professionalism to such an extent that "the researcher is tempted to magnify the importance of his (*sic*) own period".⁹ The technical division of labour and the use of the historian's specialised know-how can be justified only on condition that such a division of labour be collectively determined by all concerned rather than claimed as a right by historians alone. And, in the context of social demand determining not only the need but also the method and content of historical study, there is little value of the historian's 'convenience' in the creation of 'history from below'. 'Convenience' in terms of such new historiography is merely an euphemism for compromise with bourgeois knowledge and its sources and acceptance of bourgeois control over history.

Bourgeois control over history is also reflected in its quadripartition. "Quadripartition fulfils definite functions both ideologically and at the level of academic institutions".¹⁰ It serves as an official ideological apparatus performing pedagogical, institutional, intellectual and political functions. Since the days of Voltaire, the term 'Modern Times' has consecrated the claim of the rising bourgeoisie in the West to bring an end to history, and—in the name of 'modernism'—to control the future of all mankind. Historians in India adopt the same value-loaded term 'modern' with reference to India without carefully examining its import. In the case of the European nineteenth century bourgeoisie, its own ambitions, its own interests, its own future were identified with the course of history itself. The concept of *progress*, which goes hand-in-hand with claims of modernisation as an absolute was the ideological foundation of capitalism. In the twentieth century, the idea of progress as the inherent forward movement of human societies, as a superior motive force, remains one of the exioms of imperialism's technicist ideology. 'Modernism' and 'progress' justify imperialism and provide a readymade criterion by which to judge a society or a social class in terms of the dominant model of development. On the one side, expressions like, "You can't stand in the way of progress!" or "It's the law of modernisation!" constitute a supposedly unanswerable argument—one that has been sought to be internalised among the people themselves, even those who are the victims of such 'modernisation' and 'progress'. On the other, in the name of this claimed progress and modernity, the people and the forces they are subjected to are classified as 'primitive', 'backward', 'tribal', 'pre-modern': "not modernity, but a consolidation of semi-feudal relations, was therefore the hallmark of the colonial impact on our agrarian scene" (pp 35-36).

In the concrete situation of Indian capitalism, such a statement has the implication that such relations are mere 'pre-modern' *remnants* in the sweeping away of which the 'national bourgeoisie' has an interest and significant role. An unquestioning adoption of the terminological parameters of imperialism thus leads the author, for instance, to make this studied statement in describing a process in "what is recognisably 'modern' India" (p vii)! The inherent contradiction can only be glossed over if one takes a bourgeois, modernistic, narrowly technicist view of progress, a view wherein the dominant actors are still *above* the people and not participants in a 'history from below'.

The classification of a period of our history as that of "recognizably 'modern' India" springs from the compartmentalisation of human activity: progressive industry, modern technology, semi-feudal agriculture, backward social relations, 'tribal' rituals, ancient caste-systems, primitive bride-burning, and weaving it all into a fabric created by early bourgeois historical optimism, a certitude of progressive and uninterrupted improvement of living conditions of the human race—a certitude in linearity shared with the emergent bourgeoisie by the Stalinist strand within Marxism. True, historical optimism was not absent from the thinking of Karl Marx himself, but what the principles of progress in Marx's writings mean is that, in the long run—and only in the long run—all human societies are *capable* of progressively freeing themselves, which is quite different from the conception of automatic progress regardless of what happens along the way. "The modes of production and socio-economic forms of organisation as defined by Marxist theory are abstract models. And as abstract models they are indispensable. In reality, however, passage from one system to another is not a mechanical process. Concrete history is unfinished, incomplete. It consists of detours, gaps, obstacles, take-offs, shortcuts, survivals, ~~reversals~~—and even of regressions and retreats. The study of these complex phenomena has been consistently over-looked by narrowly specialised historians. They have abandoned it to the 'philosophers of history' in the worst sense of the word—the practitioners of empty rhetoric, babbling for page on end about the tumultuous March of Time...."¹¹ And, the unquestioning, uncritical historian has taken for granted that because the Indian bourgeoisie is recent, *its* India has to be 'recognizably modern India'.

The historian of 'modern India' having adopted the starting date of 1885 "for convenience", takes as the ending date, the apocalyptic midnight in August 1947: "the millions who rejoiced throughout the sub-continent, thrilled to Nehru's midnight speech on Indian's 'tryst with destiny' and made of 15 August an unforgettable experience even for someone who was then only a child, and not been entirely deluded. The Communists in 1948-51 learnt to their cost that the slogan *yeh azadi jhuta (sic) hai* ('this freedom is a farce') cut little ice. Indian freedom was the beginning of a process of decolonization which has

proved irresistible...." (p 453). Going on to write on the achievements of post-independence India in terms of development of "an independent foreign policy," promulgation of "a broadly democratic constitution... despite many limitations", gradual easing out of princes and *zamindars*, imposition of land ceilings (seldom imposed,) achieving "the old ideal of linguistic reorganisation of states", building up of basic industries through planned development of a public sector, considerable increase in food production (pp 3-4 and 454), Sumit Sarkar himself says: "None of this happened automatically due to August 1947, for much of it was only realised through bitter popular struggles" (p 454). Nevertheless, he ends his attempt at 'history from below' at 1947, an example of "the heroic climax to which all earlier endeavours inevitably lead".¹² At another place, Sarkar, commenting on the Cambridge scholars, says, "Namerism tends in fact to by-pass periods of big movements: thus Bayly's otherwise valuable study of Allahabad ends abruptly in 1920" (p 8). Could not a similar criticism be made of the present otherwise valuable study? Or does the rooting of the state "in the choice of a *broadly* capitalist path of development" (whatever 'broadly' may signify) represent enough of an apocalypse to end an attempt at "history from below"?

Given that both the beginning has more to do with convenience of the author and the exercise ends at outlining "a complex process of change through struggle which is still far from complete" (p 454), what then is the significance of "history from below"? A rough page count indicates that if one-third of the book talks of activity at the popular level, nearly twice as much space and attention is devoted to the "activities, ideals of factional manoeuvres of leaders". Analysis of space distribution is of course not the way to arrive at the approach of an author: 'above' can be studied from 'below' and vice versa, but if the sections on the 'above' stand by themselves, without reference to the 'below' (e g 'The Viceroyalty of Curzon', 'Business Groups and Upper Classes' 'The Mahatma's Finest Hour') then not much distinguishes such history from the "usual tendency in the historiography of Indian nationalism". Further, if activities of the people are put in the context of the actions, ideals or factional manoeuvres of leaders (e g, the peasant movements at Champaran and Kheda and the workers' struggle at Ahmedabad under the rubric of 'Mahatma Gandhi' (pp 183-186) or under titles such as 'Congress and Labour', 'Congress and *Kisans*' etc) the attempt becomes not so much to explore the possibilities of a 'history from below' but merely to estimate *the influence of popular 'pressures' on the decisions and actions of the elite*. As Sumit Sarkar himself says, "...the decisions and actions of leaders, British or Indian, cannot really be understood without the *counterpoint* provided by pressures from below" (pp 414). Note the word 'counterpoint', another value loaded term used uncritically. The implication of such a classification of popular action is to make the people appear merely reactive, objects of the actions of

the elite, not really capable of autonomy. Hence, the emphasis is not on the people, not 'history from below' but on the elite, British or Indian, in power or outside its formal structure. Witness, "The British(!) did build in India an impressive railway network..." (p 64), "The net result (of Curzon's administration) was the beginning of quite a new phase in the history of Indian nationalism" (p 101), "...Nationalist (!) interest in labour slumped suddenly" (p 119), "student recruits to Extermism...were also quickly drawn into terrorism, since prospects for mass politics were evidently (!) poor" (p 126), "Indian Communist groups on the whole tried to work within the nationalist mainstream" (p 249), "...nationalist collapse of 1932-33" (p 257, "(Congress) did raise the demand, however, for universal suffrage for adult of both sexes, ... a significant comment, this, on the oft-repeated argument that the Indian nationalists were elitist politicians, white rulers were seeking to protect the interests of the masses" (p 264), "Nationalist support for labour came easier in Bengal than elsewhere..." (p 269), "...it must be emphasised that the anti-imperialist movement in the world's biggest colony did enter a *radically new phase* when at midnight on New Year's Eve, the Congress at long last adopted the creed of *Purna Swaraj*..." (pp 283-284, emphasis added), "...militant students fanning out from centres...and *leading* a veritable peasant rebellion..." (p 395, emphasis added), "The strikes, however, were all on purely economic demands; what remained lacking was a *sufficiently influential* and determined *political* leadership" (p 439, emphasis added), "The historically much more significant point surely is that *Nehru's* opposition was sufficient to make Mountbatten abandon, a plan ..." (p 448, emphasis added) and so on. Altogether a grim list of attributing popular achievements to the elite, taking an undifferentiated view of 'culture' seeing nationalism to be a monopoly of only a section at the top, understanding popular pressure as the doing of leading individuals, etc, scarcely a 'history from below'!

'History from below' would begin with the rejection of the rhetoric of the elite rather than its reinforcement and sanctification through adept usage. Calling on 'history' to buttress its position is an old trick of the rulers who invoke the 'Tryst with Destiny'. The critical historian, attempting a 'history from below' sees through the charade and asks not only what history is about but also what is history *for*. He concerns himself with the uses of history—by the rulers and by the people. The past is dead, as dead as the human beings who made it. The only reason, beyond sheer antiquarianism, to be concerned with the past, is to gain insight into the present and a glimpse into possible futures. Seen in this manner history becomes an *active* discipline, used not merely to understand society and to wait for the logical, 'historical', inevitable culmination, but indeed a weapon of change. And, as a weapon of change, 'history from below' becomes live, vital, uncompromising, sharp, even insurrectionary (just as insurrectionary sociology came about in the late 'sixties). As such, history from below throws away its

protective, apologetic inverted commas and, bursting out of the greenhouse created for it "in the light of...research interests" (p vii), becomes social praxis. History from below *replaces* history from above and does not merely supplement it. The search for popular history begins with the explicit realisation that historical truth is *opposed* to its big ugly sister, historical myth. Between these there is no golden mean.

Participating in such a process, the historian cannot daily looking for a "... concord, (even if) all but unique in its time... between conscious intelligentsia (*sic*) nationalism and plebian militancy" (p 48). He has to consciously eschew ideas like "*the mainstream of Indian life*": "The term 'tribe' should not convey a sense of complete isolation from the *mainstream of Indian life*" (p 44). And, he has to get himself free of the terminological traps laid by the ruling class: "... he (Birsa Munda) — is revered for different and sometimes quite contradictory reasons — as a *full-fledged nationalist* (whatever that might mean!), a prophet of a *separatist* Jharkhand, or a hero of the *extreme left*" (p 48, emphasis added). The use of such anti-popular, value-loaded terms indicates the degree of 'unlearning' which even as accomplished a historian as Sumit Sarkar (who stands, in the words of title of the autobiography of Andre Gunder Frank's father, "To the Left, where the heart is") needs to go through in exploring the possibilities of a history from below.

For long years the people have suffered the loss of control over their own history because professional historians have played the game of the ruling classes, depending on their sources: *their* revenue proceedings, *their* censuses, their records, *their* correspondence providing the information *they* want, using *their* language, *their* terms: (separatist, extremist, mainstream society etc.). And, when critical historians have tried to shatter the shibboleths through empirical investigation and rigorous analysis, their efforts have been undervalued as constituting "micro-studies" (pp 31, 184, etc.) not measuring upto "rounded (*sic*) general studies of *major* social groups" (p 43, emphasis added). It is an understanding of history as merely a written record that leads to an observation like "... there is ... no real history of *zamindars* or peasants, agricultural labourers or artisans, industrial workers or bourgeois elements, analysing the changes both in their conditions of living and in their consciousness" (p 43). To say that there is no real history of such groups comes from the kind of attitude "exemplified by that possibly apocryphal story of the Tsar of Russia who, when told of Pushkin's plans of writing the history of the peasant leader Pugachev, said placidly: 'such a man has no history'." ¹³ Such an observation is strangely reminiscent of "the light-hearted sneer, India had some episodes, but no history, (which was) used to justify lack of study ... on the part of foreign writers about India's past... we have to reconstruct a history without episode...." ¹⁴ And, in the construction of such a history without episodes, veritably a history from below, the historian must get rid of

the 1885-1905, 1905-1917, 1917-1927, 1928-1937, 1937-1945, 1945-1947 division which is episodic and hinged on 'apocalyptic' events like the founding of the Congress, the viceroyalty of Curzon, the Montford Reforms, the appointment of the Simon Commission, the formation of 'popular' ministries in the provinces, the Second World War and, of course, the famous midnight in 1947. If the mould is elitist, the casting cannot be popular. A non-episodic understanding of history draws the historian back from a futile search for "rounded general studies" and brings him to the realisation that historical truth can be revealed even through "microstudies" albeit "recent" (e.g. Kathleen Gough, 1974; K Suresh Singh, 1966; etc). Such a history from below would certainly not "prefer to express patriotism through (a) ... vicarious but safe medium" (p 5) exhibited, for instance, in remarks such as "The very use of the term 'elite' is dubious... as the one genuine and truly exclusive elite in colonial India consisted of the whites" (p 67), nor would it automatically accept the term "separatism" (p 255) to characterise 'tribal' demands. Such usage makes for a history which is neither from below nor ostensibly from above. But the "unstated or unconscious bias (which) is the most dangerous of all" (p 11) lets it hang uncertainly in the middle, at the will of the ruling classes, searching for the "true elite" (p 67), "mainstream of Indian life" (p 44), "Indian unity" (p 255), "continuity through change" (p 11).

III

To be fair to the author, however, it must be recorded that writing history from below is not his main concern: "The sudden expansion of research on modern India over the last decade has made existing text books and general studies seriously out of date. Something like a synthesis, however provisional or incomplete, of this wealth of new material has become essential, and *that is the main purpose of this volume*" (p 8, emphasis added). In this task, Sumit Sarkar has succeeded admirably. His coverage of the vast quantities of material, supplemented through independent research, is presented lucidly without the jerks of style which are difficult to avoid in academic writing. A refreshing aspect of the book is the non-use of that irritating symbol of professional academics, the footnote. Compared to most other works on the subject, the present book is outstanding in its scope and coverage. The warp of independent research and the woof of recent historiography have made for a smooth fabric, albeit shaded tricolour. If, therefore, on account of some unanswered questions jerks are felt here and there in going through the book, their impact seems so much more exaggerated just because the rest makes for such smooth reading. Precisely because the book is so comprehensive, the reader may expect in it answers to all questions arising from reading it, forgetting perhaps that some of those questions may have appeared important enough to the professional historian to attempt an answer. Nevertheless, as some of

these questions seem to the lay reader to be important from a contemporary perspective—and history *does* concern itself with the present—it is worthwhile raising some of those questions.

One problem which arises in any discussion of "what is recognizably modern India" revolves round the heterogeneity of India, its uneven development, regional and sectional disparities, the "unity in diversity" that is often upheld by the proponents of "national integration" and centralised socio-political control. Such disparities are often recorded in the book but there is neither an adequate explanation of their occurrence in the period covered nor of their impact in subsequent times. The most important of these springs to mind at the very end of the book. If, the question arises, the processes outlined in the very end of the book historically lead to what is the India today: decolonised, pursuing an independent foreign policy, non-aligned and friendly towards socialist countries, with a broadly democratic polity, basic industries, planned development, etc: why is it that the same processes had different results in India and Pakistan? Surely, the commonness of historical experience at least over the period covered, 1885-1947, should have ensured not such dissimilar results. Or, is history really subservient to the present rather than the other way round? Has Pakistan come out of the same continuity through change which characterises what is recognisably modern India?

This unexplained difference apart, there are many other questions which also arise in the context of regional disparities in the history of India. For instance, a section on "Social Roots of the Intelligentsia" (pp 65-70) reports that in 1886-87 there were 18,390 "educated natives" in Madras, 16,639 in Bengal, 7,196 in Bombay (all nodal points of contact with the British), but only 1,944 in Punjab, 608 in the Central Provinces and 274 in Assam. Yet in spite of this disparity of numbers between the Presidencies and the hinterland, a claim is made that "English education gave its beneficiaries a unique capacity to establish contacts on a countrywide scale" (p 66). One wonders if such contacts were uniform or of equal efficacy on a "country-wide scale". Secondly, what has been the result of these different numbers of 'educated natives' in different areas on the subsequent development of the areas themselves? Could the present events in Punjab and Assam be explained, at least partially, in terms of the emergence of middle class (*madhyabitta-sreni*) consciousness and politics" (pp 65-68) in those areas later than in the relatively quieter Presidency areas? If so, what is the explanation for the situation in the Central Provinces (Madhya Pradesh) today?

The regional unevenness crops up again the descriptions and analyses of various 'nationalist' movements. For the period 1905-08 (pp 111-135) there is no mention of what happened in 'Native India' and hardly any account of what happened even in British India's Hindi heartland'. Did nothing happen there worth noting? If not, what

were the causes? In Indian history, analysing what happened in some areas is only as important as explaining what did not occur in other areas because together they constitute the reasons for what exists in today's totality of the Indian polity. Indeed, an interesting feature recorded later (pp 153-156) relates to the areas where 'Movements from Below' occurred during 1905-1917; it is curious that these happened in areas where *swadeshi* and other such movements are not recorded. These two types of 'regional responses' seem unconnected. But were they really discrete phenomena? The analysis is lacking, as it is also regarding why in 1921-22, "Bihar and the United Provinces" during Non-cooperation suddenly became "...the strongest bases of the Congress" (p.222). And, where there is some analysis, e.g., "Arambagh was certainly not an area of rich peasant development, though in this it may not have been typical of most Gandhian rural bases" (p 231); the analysis is neither consistent nor adequate. Were "most Gandhian rural bases" really "areas of rich peasant development"? If so, why? On the other hand, discussing 1942, the author says, "In general, one may hazard the tentative hypothesis that regions marked by some amount of agricultural progress and the emergence of a prosperous and broad rich peasant upper stratum tended to keep away from the 1942 rebellion" (p 403). On the face of it, these generalisations appear far too facile to be convincing. There is not only an element of inconsistency in these analyses but there are too many exceptions recorded to make the analyses seem valid.

The inadequacy of analysis is apparent even if one considers what is recorded about just one typical region, Bihar. The deindustrialisation of Gangetic Bihar between 1809 and 1901, studied in detail by Amiya Bagchi, is noted by Sumit Sarkar with the remark, "The sufferings of artisans have to be kept in mind as a significant factor in the understanding of many movements of our period..." (p 30). However, there is no mention of the role of artisans or the effect of their suffering in the analysis of any subsequent movement in Bihar. He records the similarity of land relations in Bengal and Bihar and rightly observes "a mass of intermediate tenures below them (*zamindaries*) providing the major economic basis for the Bengali *Bhadralok*" (p 33). But there is no discussion of why a similar *bhadralok* did not develop in Bihar and play a comparable role there in the 'nationalist' movement. Then there is the curious understanding of the working class, based on giving card-of-membership of the class primarily to male wage workers in organised industries—the classical limiting of the 'proletariat' numerically and hence also politically—exhibited in statement such as, "East U P, Bihar and Madras Presidency constituted the main catchment areas for the flow of labour to eastern Indian plantations, mines and factories, and the working class of the Calcutta industrial area thus became predominantly non-Bengali" (p 41). The effect of this non-local component of the working class in metropolitan areas like

Calcutta in terms of its "trade union and political consequences" (p 42) is recorded: "... middle-class philanthropy died away in Calcutta in the 1890s as up-country immigrant labour from eastern UP and Bihar increasingly *displaced* Bengalis in the jute mills" (p 61, emphasis added). What is not analysed in depth is the effect of this kind of emigration on the agrarian situation in eastern UP and Bihar or its impact on socio-political developments in those regions. The "carry-over" of community-consciousness rather than a clear recognition of class by the immigrant workers and their "popular communalism" (p 79) is recognised but there is no mention as to whether peasant radicalism in their 'home' areas had any impact on their new being and consciousness just as artisan radicalism had affected the making of the English working class. And, if it had no effect, then why not?

For the first thirty years of the period covered, the focus of attention is so much on Bengal, Madras, Punjab and Bombay, that significant regional trends in other areas—of fairly profound consequence later on—are missed. For instance, the otherwise comprehensive account of the partition of Bengal and the protest movements subsequent to it, take no notice of what happened in, for example, Bihar. The steady growth of the *madhyabitta shreni* (middle class intelligentsia) there is ignored, as is the anti-Bengali movement in Bihar (a precursor of today's tragic events in Assam) which began then and gathered intensity after the revocation of the partition of Bengal, creation of Bihar and Orissa as a province and the transfer of a very large number of clerical government employees, lawyers and other professionals—the backbone of the *madhyabitta shreni*—from Dacca to Patna consequent on their being rendered redundant in East Bengal. Taking notice of such phenomena would perhaps not have been important, if history were to concern itself exclusively with spectacular episodes which occurred in the past. But if history is a method to elucidate significant trends in the present, the contemporary lack of integration among peoples, their division into linguistic, communal, casteist and other groups, and their deep and yet "vicarious" (pp 5, 84) involvement in narrowly regional and sectional movements cannot be ignored. Their historical antecedents must be investigated in greater detail than by merely recording, for instance, that "The educated Bengali with his lead in jobs and professions was very unpopular among his neighbours" (p 164). Neither does there appear to be any element of understanding of the role of the people in history in a bland statement like "... in Bihar an agitation by *Kayastha professionals* under Sachchidananda Sinha for a separate province... *accompanied and followed the formation of the new province of Bihar and Orissa in 1911*" (p 164, emphasis added). Its correctness or incorrectness apart, the 'internal colony' argument, manifesting itself in the Assam-type movements, the popularity of the blatantly regionalist sentiment as expressed through the Shiva Sena in Maharashtra and 'Sons of the Soil' demands elsewhere, needs to

be considered seriously. And, for such a consideration, for a historical understanding of the phenomenon, it is necessary to reverse the past-present relationship in historical scholarship. The reel must be wound backwards.

But sticking for the time being to a straight chronological narrative in the book with particular reference to Bihar, we find the province making its next appearance only in the context of the celebrated Champaran Satyagraha of 1917. There too, the focus of attention has only been shifted downwards from the Mahatma himself through the "small-town intelligentsia (vakils like Rajendra Prasad (how he can be classified as a member of the small-town intelligentsia is another matter), A N Sinha, or Braj Kishore Prasad, or the Muzaffarpur College teacher J B Kripalani—the 'subcontractors' of Judith Brown)" to "a somewhat lower stratum of rich and middle peasants" (p 183). There is no explanation as to how in Champaran where "... psychological impact (of Gandhi) far surpassed the *concrete* activities..." (p 184, emphasis added), "Gandhi acquired the reputation of a man who could take up local wrongs ... and *usually* manage to do something concrete about them" (p 183, emphasis added). The account adds to the notion of the 'magic' wrought by Gandhi rather than constituting any attempt at demystification. It does not explain why this "area of rich peasant development" where Gandh's "indispensable" (p 156) intervention raised a local issue "to the level of all-India politics" (pp 155-156), where Gandhi personally "left behind him a group ... for constructive village work", there did not develop a "Gandhian rural base": "...only three village-level workers were still active by May 1918" (p 184).

In spite of this apparent initial 'consumer resistance' in Bihar towards the 'hard-sell' of Gandhian mumbo-jumbo, we find four years later (1921) that "Bihar won the Mahatma's praise as 'a Province in which the *most solid work* is being done in connection with Non-cooperation. Its *leaders* understand the *true spirit of non-violence*'" (p 221, emphasis added). An attempt to explain the massive participation in Bihar in the anti-imperialist struggle in terms of its having developed into a "Gandhian rural base" is not satisfactory in spite of the Mahatma's own contentment with the quality of the Congress leadership in Bihar. The explanation has to be sought, outside the Gandhian paradigm; in the "populist groundswell virtually forcing more radical courses" (p 198); in the continuing peasant unrest, albeit unspectacular, and in agitation by other sections at the lower levels of the social and economic hierarchy. In this respect "sporadic incidents like...*hat*-looting ... the attack on Giridih ... an epidemic of illicit distillation ... widespread tension ... over appropriation of traditional village pastures by *zamindars* and indigo planters ... dispute(s) regarding grazing rights... (possible) no-tax movement ... and ... exodus from mines ..." (pp 221-222) are of much greater significance than either that "its (Bihar's) leaders understand the true spirit of non-violence" or that "there was no

revival ... of the (large and spectacular) anti-zamindar peasant agitation which had plagued the Darbhanga estate in 1920, and from which the Bihar Congress leadership had firmly dissociated itself" (p 22). For an understanding of what happened in Bihar, as in the case of other areas, the focus of attention must shift to the activities of ordinary people rather than of the leaders even though they might have been certified by the Mahatma himself.

Except for brief references to the "more radical and more genuinely plebian movements" (p 243) of the 'intermediate' castes in the 1920s for the improvement of their social status and to the role of Subhas Bose in the labour movement in Jamshedpur (p 270) the story of the labour movement having been gleaned from the correspondence between G D Birla and Purshottamdas Thakurdas, the leading lights of Indian capital, when Bihar next emerges in the book, it is as a "well established Gandhian stronghold" (p 291) clubbed as such with Gujarat, U P and coastal Andhra.

There is, of course, no explanation regarding how these areas in general and Bihar in particular become part of the "well-established Gandhian stronghold". However, facts regarding the leading role of the Gandhian approach in the politics of Bihar are produced as evidence in a tautological manner: "In the countryside, the early 'official' type of Gandhian Civil Disobedience had its natural starting points and strongest bases in pockets which had already witnessed some amount of Gandhian rural constructive work through local *asramas*—Bardoli and Kheda in Gujarat, Bankura and Arambagh in Bengal, Bihpur in Bhagalpur district of Bihar, to give only a few better known examples" (p 293). The *asramas* in other provinces may have carried out Gandhian rural constructive work, but the area around the one in Bihpur did not witness much, if any, of that sort of activity. There is certainly no legacy of such rural "constructive" work in that area which is at the meeting point of the enormous illegal estates of three of the notoriously largest landowners in today's India. In 1931 too, a contemporary official record (verified by many villagers around the area and even some inmates of the Bihpur *asrama*) says, activities other than Gandhian rural constructive work were being carried out; "In Bhagalpur, a regular camp had been started at Bihpur, where volunteers were lodged in barracks and were taught drill and lathi play, the whole routine being regulated by bugle call"¹⁵ a set-up not quite in keeping with the Mahatma's certificate to Bihar's leaders that they "understand the true spirit of non-violence". A whole series of events, described as "instances of lower-class militancy" (p 305) show that describing Bihar as a "Gandhian stronghold" is incorrect, just as it is an incorrect understanding which is reflected in the observation, "It is significant that the autonomous Kisan Sabha movement which had started developing in Bihar under Swami Sahajanand in 1929 seems to have *totally* disappeared in the next year, swamped by the atmosphere of *multi-class national unity*; it would revive only after

the defeat of Civil Disobedience in 1933-34..." (pp 304-305, emphasis added). Even a contemporary official publication, concerned more with the official Civil Disobedience than with agrarian movements, noted that "the lawless spirit born of civil disobedience was always liable to drive tenants to violence when any dispute occurred between them and the landlord".¹⁶ Non-official publications and unpublished records and many participants in such struggles testify that tenants continued to agitate militantly and organised themselves into Kisan Sabhas which were formed in Patna, Gaya, Mungher, Chemparan and Palamau, "where the genuine grievances of the raiyats gave new life to the local Kisan Sabha, but agitators used the opportunity to preach non-payment of rent and chowkidari tax, the wholesale cutting down of the jungle, and physical resistance to the landlords' agents".¹⁷ Swami Sahajanand, who had kept himself aloof from the Civil Disobedience for a large part and was certainly not "swamped by the atmosphere or multi-class national unity", observed: "The Satyagrah...brought unprecedented awakening among the Kisans... their problems also came to the forefront".¹⁸ Clearly, it is wrong to see the dominance of "multi-class national unity" over "lower-class militancy" in Bihar in this period.

Coverage of the history of the Kisan Sabha in Bihar in the 1930s, the largest ever organisation of the working people in the region, is so brief in *Modern India* that the focus of attention is only on its leadership, in particular on Sahajanand. "Sahajanand was able to quickly mobilize large sections of peasants...and the membership of his Kisan Sabha shot up..." (p 33). Over-emphasis on the role of the CSP (Congress Socialist Party) leadership and on the formal organisation (pp 333, 340) prevents an adequate appreciation of the force of radical peasant nationalism, a continuous and growing phenomenon, occasionally exhibiting itself in the massive Kisan support extended to Subhas Bose in organising the 'Anti-Compromise Conference' at the venue of the Ramgarh Congress Session in 1940 and spectacularly revealing itself in the 'August Revolution' in 1942. It is because this force is not taken into account adequately that the author can talk of "the relative weakness of the national movement between 1939 and 1941" (p 383); and the description of the 'Stirring Events' and 'Great Deeds' of 1942 once again appear episodic, spectacular and wonderful, indeed, one more instance when "nationalist militancy probably blunted to some extent the edge of social radicalism..." (p 403), "the very extent of anti-foreign sentiments, as in 1857, possibly reduced internal class tensions and social radicalism" (p 398).

Once again the evidence gleaned from even 'official' sources which have been referred to by Sumit Sarkar with regard to Bihar does not entirely support this contention either in terms of the motive forces behind the events in 1942 or what followed afterwards. Even if the social radicalism of the industrial workers of Jamshedpur who launched one of the most valiant struggles against war-profiteering is

not taken into account, surely it would seem that "the massive upsurge of the peasantry", "essentially an upsurge of peasant small holders" (p 397) could only have sprung from underlying social tensions and not merely as an expression of abstract "anti-foreign sentiments." Indeed, in addition to militant demonstrations, wide-scale disruption of communications, attacks on the police and the military, a very significant aspect of the movement in Bihar was that *No-Rent Campaigns* were launched in so many places.¹⁹ The government could only hope that "a good monsoon will make for a prosperous harvest and *less agrarian tension*",²⁰. Although the 'derring-do' of Jayaprakash Narayan and his Socialist comrades, through the operation of their *Azad Destas*, fired the imagination of the urban population in Bihar and outside, much more important, longer lasting and of much greater impact on the peasantry was the revolt of grassroots leaders like Siaram Singh, Nakshatra Malakar, Kanhaiya Oraon, Jahoor Ali, Jayanarayan Singh, etc, who have been variously described in official and non-official publications as 'criminals', 'social bandits' and 'peasant rebels'. Their movement, which continued at a high pitch for more than a decade in some of the worst landlord infested areas of Bihar, may not be noticed in conventional history of the 'national movement' but a history from below, even if it does not make explicit mention of them, should at least be conscious of these 'sub-terranean' tensions, the "fires underground". Otherwise it will not be able to reconcile conclusions like "1942 (like earlier nationalist upsurges) was essentially an upsurge of peasant small holders" with evidence, albeit based on statistically insignificant samples, of the caste composition of those arrested indicating the predominance of the "forward Castes" (pp 397-398), more likely to be "substantial tenants" or even petty landlords than peasant smallholders.

Some other observations about 1942 in Bihar also appear to be not wholly correct. For instance, there is no evidence which substantiates that "... (in Bihar) the bulk of Kisan Sabha cadres had swung to the side of the socialists despite the new pro-war stance of the Communists and of Sahajanand" (p 399). On the contrary, in Bihar the Communists were strongly entrenched in the Kisan Sabha and Sahajanand continued to be its pre-eminent leader till his death. If in fact "the bulk of Kisan Sabha cadres" had swung on the side of the Socialists, their Hind Kisan Panchayat set up only a few years later would not have been such an organisational disaster. Further, at least in Bihar, neither Swami Sahajanand nor the Communists "were branded in the eyes of a big section of nationalist public opinion as collaborators and traitors" (p 405). On the contrary, many people in Bihar even today remember that notables like Sir Chandreshwar Prasad Narain Singh, now Governor of Uttar Pradesh, and the late Sachchidanand Sinha, the first chairman of the Constituent Assembly, were among the advisors of the British Governor who

unleashed the 'Gorra (white) Terror' in 1942. Repetition of Congress inspired calumny will not make it true, whatever "nationalist public opinion" may refer to. Not only did a large number of 'Swami-ites' and Communists at the village level participate actively in the upsurge in 1942, but an official source even seems to indicate that they had pre-meditated this: "I have also seen a Police report from Bihar which shows that the intention of the CPI is to support Gandhi's movement and to get as many of their members as possible before the movement begins..."²¹ Attempts by the government to woo Sahajanand failed and that crusty old fighter was not silenced. Although he supported the war against Fascism generally, Sahajanand spoke up against the brutality of the British police and military. The Governor of Bihar ruefully reported "on the Left, Swami Sahajanand has already "ratted" on us (by) denouncing our repression".²² And, very soon, the Kisan Sabha activists led by Sahajanand started openly agitating once again on the question of *bakasht* lands, commutation of produce rent into cash, against the imposition of restrictions on the manufacture of *gur*, and against *zamindari* and police repression generally.²³ In Bihar at least there was hardly any evidence of 'reduced internal class tensions and social radicalism' (p 398). These were not only continuing phenomena but there was an organic linkage between "anti British militancy" and anti-landlordism. An amateur application of categories of political economy (e.g. "... regions marked by *some amount* of agricultural progress and the emergence of a prosperous and *broad* rich peasant *upper stratum* tended to keep away from the 1942 rebellion' (p 403, emphasis added) does not provide adequate explanation, for precisely those areas of Bihar "marked by some amount of agricultural progress" like Bhojpur, Patna, Saran, Purnea, etc, were the major locales of the 1942 rebellion. Nor does uncritical acceptance of the myths perpetuated by 'mainstream nationalist historiography' which lurks behind statements like "In the country-side, too, Kisan Sabha and share-cropper or agricultural labourer organisations advanced in areas where the bitter legacy of 1942 was not so evident", explain the massive emergence of such movement in post-second World War Bihar. And, of course, only if the integral connection between the nationalist movement and peasant struggle is sundered will in Bihar in 1945-46, the scene of great peasant turmoil against one of the strongest pillars of British rule in India—the *zamindari* system, a peasant struggle which unsettled the Permanent Settlement made by the British, will be seen as having been away from 'mainstream nationalism': "It is significant that Bihar...played little or no part in the anti-imperialist upsurge of 1945-46" (p 405).

This rather lengthy discussion of the coverage of Bihar in the book is not meant only to say that Bihar (or, for that matter, any other region) should have been given more space. Given the fact that it covers 'Modern India' it is only to be expected that the book should

merely deal with regional specificities in a general way. However, the point is that in writing such a history "for the benefit of students", if the approach is episodic, dealing only with 'Great Events', 'Stirring Deeds', 'Finest Hours', etc, the basic tendencies such as the assertion of radical *peasant* nationalism, continuing working class struggle against State and Capital, or for that matter, the coming of age of the bourgeoisie, such as it is, in India get submerged under the discussion of 'the mainstream nationalist movement' identified with the Congress in general and in particular with the actions of its leaders under the sway of Gandhi. The author does realise that "intensively moving and heroic, the Gandhian way in 1946-47 (as at other times, we suppose) was no more than an isolated personal effort with a local and often rather short-lived impact. It is futile and dangerous to speculate about what might have been, but one might still argue that the only real alternative lay along the path of united militant mass struggle against imperialism and its Indian allies—the one thing which ... the British really dreaded" (p 438). But the alternative, according to the author, was not real as, among the masses, the largest component, "the peasants still needed to be represented by a saviour from above ..." (p 182).

In the end, what emerges out of this extremely painstaking endeavour is tracing the thread woven by such a 'saviour from above' through "elemental, often violent and radical, popular outbursts" (p 183). This is the result of an otherwise potentially brilliant exercise in exploring the possibilities of a history from below into a mere tale of "drawing-in the masses, while at the same time keeping mass activity strictly pagged down to certain forms predetermined by the leader..." (p 179). In the end, like "conventional nationalist, communalist, Cambridge and even some Marxist historiography...(which) despite all their obvious mutual opposition...share a common elitist approach" (p 11), Sumit Sarkar too, although recognising that there were "fires under-ground", gives little weight to autonomous popular action but seen in the process of anti-imperialism in our country the pre-eminence of "Mahatma Gandhi (who) would forge an all-India Movement precisely round the (popular) issues" (p 11). Otherwise why would he classify popular movements merely as 'pressure from below' and activities of the elite as *the* nationalist movement?

Not that there is clarity about who constituted the 'elite'. At one place Sumit Sarkar says categorically, "...the one *genuine* and truly exclusive elite in colonial India consisted of the whites" (p 67, emphasis added). He has strong disagreement with the Cambridge scholars' descriptions of the English-educated as 'elite groups' defined basically by their upper caste status, a disagreement in spite of the fact that he himself uses categories like "traditional 'literary' castes" (p 66) to describe the preponderance of certain groups among the English-educated. His objection to the use of 'elite' is that "the ideology of the English-educated was seldom one of conscious defence or restriction of

its privileges, whether educational or caste—which is what one would have expected of *a true elite...*” (p 67, emphasis added). The untrue or spurious elite that then obtained in India is further sub-divided into ‘Business Groups and Upper Classes’ (p 63) and ‘Middle Class’, the latter with a “self image (placing it) below the zamindars but above the toilers” (p 67). This English-educated *madhyabitta* section emerges in specific regional situations as a further disintegrated ‘commercial elite’, ‘administrative elite’, ‘professional elite’ etc; albeit not of absolute purity. The confusion in this regard is never cleared, for very soon we come across this self-same section mentioned simply as ‘elite’: “Elite ‘revolution’ did make substantial contributions to the national struggle” (p 124), “...elite action postponed efforts to draw the masses into active political struggle” (p 125), etc. Having earlier demonstrated that the uncritical acceptance of the term *bhadralok*—“currently so fashionable among western historians, no doubt partly because it seems to keep Marxism in its place”²⁴—interchangeably with ‘elite group’ with reference to upper castes in Bengal is making “truisms of the Raj” into “dogmas of historians” (pp 66-67), Sarkar himself explains the elite nature and social limitations of, for instance, Bengali *bhadralok* revolutionary terrorism only in terms of its predominant upper caste composition (p 125)! In other places, however, he uses different analytical categories: “The *bhadralok*’s distance from the peasantry ... had fairly clear class roots, rather than mere aversion to manual labour” (p 110). He differentiates them from others who took to revolutionary activities: “The lowly Ghadr peasants and sepoy heroes (who) have been much less remembered than the *bhadralok* Bengal terrorists...” (p 148). And yet he writes of a situation of the spread of terrorism in Bengal when “a really frightened British government went in for draconian methods of repression, imposing a night curfew on all Hindu *bhadralok* youth between 16 and 25 in Chittagong town...” under the heading “Pressures from Below (p 314).

The confusion arises out of the inconsistent use of unclear analytical categories like caste and class. The author points out that the assumptions of an absolutely rigid and unchanging hierarchy of castes has been rightly rejected by recent sociological work and the expression of socio-economic tensions through caste solidarity, caste rivalry, and movements for Sanskritisation represented “false consciousness” (pp 54-55). He talks of the economic and social intra-caste differentiation and approvingly recommends Andre Beteille’s warning that caste mobility might often represent no more than the upthrust of small groups of ‘notables’ (p 9). But, having said all this, he goes on to use membership of particular castes to indicate the composition of both the *bhadralok* (pp 66-67) and peasant smallholders (pp 397-398). Contradictions involved in descriptions such as “clear-cut Brahmin domination” in Maharashtra and Madras (p 56), “narrowly Brahminical character” of revivalism in Maharashtra (p 73) etc, are glossed over. And, notwithstanding the warning of Andre Beteille, ‘Cast Movements’ (pp 242-244) in general are lumped under

the rubric of 'Emergence of New Forces' (pp 237-253).

The use of class categories is similarly unclear. We have already encountered the "consolidation of semi-feudal relations" (pp 35-36). Add to that the compounding of "early capitalist industrialisation... by numerous 'pre-capitalist' survivals". The 'middle-class' (*madhyabittasreni*) intelligentsia (p 67), which raises its head in the discussion of its true or un-true character as part of the elite is characterised by its "broadly bourgeois ideals—and a predominantly non-bourgeois social base" (p 67). The bourgeoisie proper (true?) is described under 'Business Groups' (p 63) and attention is drawn both to the "long-term objective contradictions between a 'national bourgeois' development and the colonial political and economic structure" (p 64) and "considerable regional variations in attitudes and repeated conflicts between short-term and long-term interests" (p 260). However, the process by which "the crucial role (in determining the course of Civil Disobedience, Gandhian politics and the fortunes of the Congress Party) was played by business pressures" (p 311) is not made clear. The author does not get into the mire of debating whether the Indian bourgeoisie was 'national' 'comprador', 'capitulationist', etc, and a clear summing up of its character appears only towards the end of the book (p 407) through a quotation from the writing of D D Kosambi. But then it seems that for the author definitional clarity is not really important in this history because by mere aggregation of the interests of different sections of the population he can arrive at an understanding of the 'national interest': "If the 11 points (of Gandhi in his 1930 ultimatum to Irwin) were a kind of retreat they also concretised the *national demand*... (six) issues of *general interest*... three specific bourgeois demands... and two basically peasant themes." (pp 284-285, emphasis added). If simple addition suffices in analysis, what is the point of delving into division, class contradictions, etc? That "the struggle of the whole people against colonialism is not necessarily a struggle *for* the whole people"²⁵ is something which Sarkar considers only inconsistently.

"Both the current Marxist interpretations and their elitist alternatives... suffer from the common defect of assuming too direct or crude an economic motivation for political action and ideals... On the methodological level, it seems necessary today to break out of the bog of narrow positivism, which arbitrarily denies to historical personalities the ability to see beyond their noses..."²⁶ rightly observes Sumit Sarkar in his earlier outstanding contribution to historiography. In the present work too he suggests that "a more fruitful way of studying the intelligentsia is through a simultaneous analysis of its ideas and its socio-economic roots" (p 67) rather than by a crude correlation between its economic situation and political action. Thus, the possible autonomy of individuals and groups in terms of their social behaviour is correctly asserted and the fallacies of analysis solely on the basis of economic determinism are rejected. But Sumit Sarkar is prepared to follow this

methodology only in relation to the *bhadralok*, the non-true elite. When it comes to description of the actions of others, in almost every instance he cites there is a one-to-one relation between economics and politics: "The (price rise) curve in fact was steepest between 1905 and 1908—precisely the years of maximum political unrest" (p 109); "...the War affected Indian life through massive recruitments, heavy taxes and war loans, and a very sharp rise in prices, and *may be directly related* to the two-fold extension of the national movement—towards considerable sections of the peasantry and towards business groups... The *result* was... 'a sort of epidemic strike fever' ", (p 174, emphasis added); "...nationalism in 1921 neatly coincided with short-term business interest..." (p 207); "The mass upsurges of the 1930s were closely related to decisive economic changes" (p 257); "...deepening rural discontent—as prices touched a record low" (p 315); "The relative weakness of the national movement between 1939 and 1941 probably also had certain economic roots. A war which was still a distant affair brought, on balance, gains rather than losses for substantial sections of the population. The rise in agricultural prices was not as yet very sharp, and came as a relief for the bulk (!) of the peasantry..." (p 383); etc. But then, perhaps in mitigation, Sumit Sarkar does say at one place, "It would be quite inaccurate, however, to relate the post-war mass awakening to specific economic factors, alone. We cannot afford to forget that what was happening in India was in the broadest sense a part of a world wide upsurge, anti-capitalist in the developed countries and anti-imperialist in the colonies and semi-colonies" (p 176.)

Such was the impact of this anti-imperialist (as distinct from anti-capitalist) upsurge that among its achievements Sumit Sarkar counts even a major progress in women's liberation, regardless of glaring historical and contemporary evidence and regardless even of the test of statistical significance in the evidence he himself quotes: "...of the 29,054 prisoners on 15 November, 1930 ... 359 were women. Civil Disobedience marked in fact a major step in the emancipation of Indian women..." (p 290). Does the burning of women today constitute "continuity through change"?

But let us end textual criticism here and go back to some fundamental issues.

IV

Is history writing a mere academic exercise "for the benefit of students" or does it also play a political and ideological role? "Historians in our country still occasionally claim for themselves the impartiality of judges (itself, one would feel, hardly an unquestionable absolute)..."²⁷ correctly observed Sumit Sarkar only a few years earlier. "Today the 'academic snobishness of preceding generations'"²⁸ is under attack, 'Impartiality' and 'objectivity' are not worn on the sleeves and concern does seem to be to add to the study of the doings of kings (or

viceroy) and prophets (or *mahatmas*) accounts of mass activity. Through this process of addition a new, more complete, history covering "both a relatively elite and a more populist level... the complex interaction of these levels" (p 11) is sought to be produced.

But the mere expansion of historical craftsmanship to include the masses in its scope of interest is democratic only in form. In the name of academic custom, professional expertise and a concern with examining complex interactions, such historiography too excludes active commitment to the mass struggles of the present. The mandarin vocabulary, sounding insignificant in itself, is in fact an ideological and political expression: 'tribal separatism', 'extreme left', 'terrorism', 'disobedience'- civil or otherwise, *et al.* "During the era of liberal capitalism, there is a specific relationship between the demands of the prevailing mode of production and the political function of historical knowledge. The relationship is not, however, direct or mechanical. It consists both of open intervention by the state and of diffuse ideological pressure. The historians are convinced that they enjoy 'freedom of expression' but in their professional work they exhibit behaviour which is characteristic of capitalist society as a whole".²⁹ Conventional historians with a pose of objectivity and a claim to be arriving at syntheses of complex interactions who view history as an autonomous intellectual activity moving in a kind of closed circuit where reference is confined mainly to other historians, perhaps unknowingly provide the smoke-screen behind which lurks the terminology and ideology of the police, the upholders of 'law and order'.

For the mass of people, however, the past is meaningful only at the opposite end of social existence—where it becomes involved directly in their activities and struggles. But, what is really meant by the deceptively simple saying: "It is the masses who make history"? How do they make their influence felt? In the first place by working. But there are few professional historians who concern themselves with the unspectacular routine of the people working. Generally, when work is considered at all it is taken for granted as legitimate social activity—the obligation of the people—and only disruption in its routine through strikes, *hartals*, *bandhs*, and 'non-cooperation', draws the attention of the professional historian to something having gone 'wrong' and hence having become noteworthy.

However, the role of the people in history is not limited to spectacular outbreaks. And no history can be prepared from below without discussion of the people's continuous capacity to influence the course of events through day-to-day resistance just as much as through uprisings and revolutions.

A knowledge of the past gives rise to both *nostalgia* and *wrath*, and it is up to the historian to decide for himself which he wants to emphasise. He can join the chorus of the ruling class and wail that "the spirit of the freedom movement needs to be revived" or he can express

searing anger that "the passions of youth have become the lusts of aging men". The specialist still has an intellectual and political option.

ARVIND N DAS

Senior Fellow, Public Enterprises Centre for
Continuing Education, New Delhi.

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- 24 Sarkar, *Swadeshi Movement*, *op cit*, p 509.
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Peasants in Revolt

ALL THOSE who are in any way interested in the peasant movement will definitely feel indebted to Kapil Kumar for bringing out this well documented and extremely informative monograph *Peasants in Revolt** dealing so exhaustively with a wave of peasant struggles that took place in a part of Uttar Pradesh (UP) in the immediate post-First World War years (1920-22).

The peasants not only revolted against the enormous excesses of the Taluqdari System but for the first time formed their own organisation against the oppressors—the Kisan Sabha—under the banner of which they started their struggles. The peasant struggles erupted repeatedly thereafter—in the thirties, during the years of the Second World War and as a part of the country-wide post-war upsurge with the Telangana peasant uprising as its high watermark. It was no accident of history, in view of these glorious struggles, that the All-India Kisan Sabha (AIKS) was founded in Lucknow in 1936.

A full and authentic account of these waves of struggle will certainly be of immense value to all those who are involved in the peasant movement, and who therefore need to draw proper lessons from these glorious page of history. One has to know why the movements died down and, why, today, the kisan movement is so weak in these very areas; why the glorious unity between various castes and communities which characterised these struggles has given way to different groups of peasants lining up behind leaders of their particular castes and communities; and why U P which gave birth to the Kisan Sabha has now one of the weakest organised peasant movements in the country, whose centres have shifted to Bengal, Kerala, Andhra and Punjab.

It is good that agrarian problems and movements, have attracted, the interest of eminent social historians like Kapil Kumar, and one would expect more such painstaking and commendable efforts to follow. The only pity is that these articles and monographs remain confined to our erudite scholars and elite institutions and libraries and do not reach the workers of the peasant movement. Some of the most learned and brilliant works are priced so high that they are beyond the reach of those who can make the best use of them. Is it

*Kapil Kumar, *Peasants in Revolt* (Manohar Publication)

totally impossible to bring out some popular versions of such books at low prices and in a more familiar language for the benefit of the ordinary workers of the peasant movement and the people in general interested in these struggles?

Taluqdars of Oudh and Peasantry

The immediate cause of the 1920-22 peasant unrest in Oudh was the *taluqdari* and *zamindari* oppression which, according to the Royal Commission of Agriculture, "had caused greater pauperisation in U P than in other states. These *taluqdars*, in the words of Canning, "had acquired their positions by holding office under a corrupt government"; they were formerly "local Chiefs, revenue-farmers, revenue officials, Mahajans and...revenue agents", who taking advantage of the decline of the central authority "abrogated to themselves the status of Taluqdars". The British administration, after the annexation of Oudh, made these *taluqdars* owners of land, who had to pay to the government revenue which could be enhanced at regular intervals, and who left the actual cultivators at their tender mercy.

Immediately after the annexation, the British wanted to settle directly with cultivators and curb the power of *taluqdars* who were forced to surrender their forts and defence establishments. Out of 23,543 villages which the *taluqdars* held before the annexation, only 11,640 were settled with them immediately after the annexation. The *taluqdars*, who still remained a powerful force, joined the revolt of 1857. In order to secure the assistance of the *taluqdars* in re-establishing British supremacy, a *taluqdars* settlement was enforced from May 1, 1858 under which the confiscated lands were restored, except in the case of those who had not been pardoned; their lands were given to those who were considered to be loyal. Now the *taluqdars* had 23,986 villages settled with them. Kapil Kumar rightly describes this new settlement as a political bargain "to avert confrontation between the British and the *taluqdars* who helped the British" to speed up the process of establishing their authority. They emerged as a bastion for the consolidation and stability of the British Empire "and were in turn allowed to buttress" their economic interests to the detriment and impoverishment of the peasantry.

On October 25, 1959 the *taluqdars* were issued *sanads* (document of entitlement) conferring on them for all time to come, permanent and hereditary rights. Although there was a provision in the *sanad* that the *taluqdars* would preserve all rights, wherever they existed, of subordinate proprietors", it was not clarified whether it included those who had lost their rights in the same manner as the *taluqdars*. About tenants there was not a word in these *sanads* and they naturally became tenants-at-will.

Immediately a controversy arose about the cultivators who had lost proprietary rights over the land they still occupied and they were

given the status of ex-proprietary tenants under what is known as the "Oudh Compromise" of August 24, 1866, which was legalised by the Oudh Rent Act of 1868. According to Kapil Kumar, only 0.5 per cent of the cultivators could get occupancy rights under this Act and the rest had to settle with the *taluqdars*.

The *taluqdars* used "their power to obtain for themselves all the profits that could be extracted from land" by squeezing the peasantry. Enhancement of rent and ejectment became a common practice. Ejectment notices were issued in thousands with the sole purpose of forcing the tenants to agree to more onerous terms. According to the Erskine Report quoted by Kapil Kumar, rents were enhanced by 28.6 per cent in the 12 districts of Oudh with Pratapgarh district topping the list with a 49.4 per cent enhancement between 1858 and 1882. According to Major Erskine who was deputed in 1882 to make enquiries into the movements of rents in Oudh, rents were determined by competition amongst tenants without taking the productivity of land into account.

This made the tenantry heavily indebted to village *bania mahajans* and even landlords who practised usury. They charged heavy interest rates and once a cultivator got into the clutches of an unscrupulous moneylender he could hardly escape. Tenants belonging to low castes—chamar, kori, kurmi or lodh—became bond-serfs for life after receiving an advance from a landlord or a *mahajan*. The worst-affected districts in this respect were Baharaich and Gonda where such bond-serfs serving to repay debts taken by their forefathers were a common sight.

The growing poverty was also reflected in the growing incidence of crimes like grain thefts and riots originating in disputes over irrigation, grazing, non-payment of rent, construction of improvements, etc. The *taluqdars* did not even permit the tenants to make improvements without charging a *nazrana* or enhancement of rent.

The question of tenancy right was bound to arise in this situation, although, according to H C Irwin, author of the book on Oudh, *The Garden of India*, "The dependence of the Government of India for so large a portion of its income upon the land, naturally disinclines it to interfere with the power of the landlord to increase the rents, out of which he pays his revenue". The officials were only interested in recording rent increases, so as to get an excuse for jacking up the revenue demand, the income from which formed the main source of State revenue at that time.

The Oudh Rent Act of 1886 gave all tenants-at-will statutory right of occupation for seven years, on the expiry of which the rent could be enhanced only by 6 per cent. If a tenant was ejected, the successor tenant had to pay the same enhanced rent. An improvement could be made with the consent of the landlords for which the tenant could claim compensation if ejected.

This Act could prevent neither ejectment nor rent enhancement. One method of circumventing the law was to demand *nazrana* when

settling with a new tenant or for allowing the old one to retain his land. "The sword of eviction was wielded every year to pressurize the tenants into paying higher 'nazranas' and 'abwabs' (cess) every year." As landlords seldom issued receipts, the tenants were often charged twice or thrice the annual chargeable rent shown in government records. These excessive amounts were often paid by the tenants by selling their own daughters (*kanya vikray*), several instances of which were given in the report of V N Mehta, the then Deputy Commissioner of Pratapgarh.

The *taluqdars* adopted the practice of auctioning tenancy *pattas*, to the highest bidder at the death of a tenant; this practice became known by the name *murdafaroshi*. Their greed for more and more money led them to demand cesses on various pretexts—*motorawan*, *ghorawan*, *hathiawan*, *rajauti* and even *pakawan* (the cess imposed when a lady landlord got a septic abscess which needed surgical operation). Landlords would tour their lands and tenants would give them presents, which were called *nazar daura*. When the Commissioner, Deputy Commissioner or Governor was on tour, the landlords charged *kamisnaravan*, *dipti kamisnaravan*, *latipawan*, etc; on such occasions even the junior officials and peons had to be satisfied. Besides these cesses, tenants and even handicraftsmen had to give ghee, grain, milk, vegetables, cowdung cakes (*uplas*), straw, hand-woven cloth, shoes, earthenware etc, on different occasions such as marriage or child birth, death, going for pilgrimage etc. For growing cash crops like sugar-cane or planting trees, there were cesses like *kolhuoan*, *perhi*, *baghawan* etc. For officials on visit, food-grains etc, had to be supplied, *begaar* (forced labour) had to be performed. Tenants had to perform *hari* (ploughing) on landlords' fields and provide oxen twelve times a year. Landlords often imposed fines on their tenants for encroaching upon 'abadi land' and even for moral or social delinquency:

The agents of landlords *karindas* surpassed all limits of cruelty in forcing tenants to pay these cesses, supply perquisites or perform *begaar* and *hari*. While admitting in the Council that "oppression has sometimes been perpetrated by their (Taluqdars) local agents", the government appointed the same *taluqdars* as honorary or special magistrates or *munsifs*. The oppressed had no possibility of getting justice from the courts set up by such an administration.

After the outbreak of war the tenants were made to pay war fund (*larai chanda*) and either get enlisted or pay again in lieu of enlistment (*bharti chanda*). The *taluqdars* to show their loyalty to the British government, offered some concessions in rent payments to tenants to get more and more men recruited; but they actually realised more money as *larai chanda* than what they paid to the government or the loss incurred through such concessions. Sums equivalent to 150 per cent of the annual rent were realised as forced war loans (Defence Bonds). The peasants had often to sell their cattle to meet these demands. The war left them more impoverished than ever.

Between 1910 and 1921 there was a sharp rise in the prices of foodgrains—wheat by 60 per cent, jawar and bajra by 45 per cent, of maize and barley by 28 per cent and so on. This adversely affected the poor population, particularly the agricultural workers whose number had gone up by 7.84 per cent between 1901 and 1911. The majority of tenants were poor; they had to sell their produce at harvest time at cheap rates to traders, moneylenders and landlords (in many place, they had to give grain as rent) to whom they were indebted, and later on purchase the same from them at high prices in lean seasons. While agricultural wages rose to some extent in other provinces also (and even in the Agra part of U P), in Oudh they suffered an absolute decline, according to Imperial Gazeteer of India. But at the same time the traders, *mahajans* and landlords reaped the benefit of high prices of foodgrains while the bulk of the cultivators could not do so and consequently suffered further impoverishment.

It was these developments that were behind the spurt of agrarian disturbances in these districts in 1920-21. Such disturbances were described in official records as acts of criminals, bandits and dacoits. But by his painstaking research into official records and other source material, Kapil Kumar has not only refuted their slanders, but provided us with valuable insights into the background that forced the peasantry to rise and demand an end to the brutal oppression.

The National Picture

When people move in their thousands over a wide area against class oppression, it does not remain purely an economic struggle. While dealing in detail with the economic causes that led to widespread discontent and spurred vast peasant masses into action, Kapil Kumar would have done well to give the political setting in which "the forces of rural revolution were unleashed" and "shook the edifice of feudalism and brought down to a grinding halt the structure of imperial administration".

British rule had become stabilised over a large part of the country by the turn of the century and an educated middle class had come into existence which was slowly becoming restive with the growing economic difficulties and particularly the growing educated unemployment. The defeat of Czarist Russia by Japan showed that white colonialists were not invincible. The 1905 revolution in Russia had further caught the imagination of the sensitive youth who were filled with anger over the partition of Bengal. In this atmosphere came the Morely-Minto reforms which were an attempt to conciliate the propertied classes by giving them representations in the legislatures and to create division amongst the people. The popular movement forced the annulment of partition and a militant radical wing emerged in the Indian National Congress, led by Lala Lajpat Rai, Bal Gangadhar Tilak and Bipin Chandra Pal.

The First World War provided an opportunity for the Indian

bourgeoisie to grow and it became conscious of the obstacles placed on its further advance by the imperialist rulers. The Indian economy suffered grievous damages as a result of the war which brought further impoverishment to the people. It also brought a greater awareness of international developments and the epoch making October Revolution in 1917 generated new currents in a section of the nationalist-minded youth. The demand for Home Rule by Tilak and Annie Besant gave shape to a new wave of agitation which was taken to the rural masses too. The first UPKS set up in 1917 by activists of the Home Rule League was aimed precisely at taking the message of Home Rule to rural areas.

It was in this atmosphere of growing confrontation between the bourgeoisie and the imperialist administration on the issue of Home Rule that Gandhi emerged on the national scene after leading a *satyagraha* struggle in South Africa, the experience of which he soon applied in Champaran, Kheda and the Ahmedabad textile workers struggle. It was he who showed the Congress leaders the way to approach the masses and win their support. He evolved a new technique of political work which brought the bourgeois-led Congress party into close contact with the masses, who rallied under its banner for the non-cooperation struggle in 1920-21—the same period in which glorious peasant struggles burst out in Oudh.

While this technique provided a mass base to the leadership of the Congress, it helped to keep the masses in check and prevent them from adopting revolutionary forms of struggle which may pass out of the hands of the bourgeoisie into the hands of the working class for a radical re-organisation of the society. The declared aim of Gandhi, the protagonist of this technique, was to put pressure on the imperialist rulers to enter into a compromise with the bourgeoisie with some possible relief to the poor people, including the peasantry, without ending either landlordism (making the tiller the owner of his land) or the capitalist system as much.

The Champaran and Kheda struggles made Gandhi popular all over the country, including the Oudh villages, the scene of peasant struggles. While Gandhi, Nehru and other national leaders gave different meanings to Swaraj, the simple peasants of Oudh, as Kapil Kumar has pointed out in his book, understood it as the end of the *talugdari* oppression.

In this national setting the only movement that could grow and become a force to reckon with could be the one that joined the mainstream of this national struggle led by national bourgeoisie. It was this hard reality which compelled a practical peasant leader like Baba Ram Chandra to suggest to his colleagues "to bring in Mahatma Gandhi and other urban leaders" to Pratapgarh where he had joined these colleagues who had already started a Kisan Sabha in 1917, almost at the same time as the UP Kisan Sabha was set up by 'urban leaders' in Allahabad. On June 20, about 500 peasants marched on foot from Patti to

Allahabad, a distance of 70 kilometres. In Allahabad, they came in touch with leaders of U P Kisan Sabha who, according to Kapil Kumar, had nothing "in common" with them. Baba Ram Chandra and his colleagues persuaded Nehru to visit Pratagarh; he came and was "emotionally moved" at the sight of the appalling conditions of the poor peasant masses.

Revolt of the Peasantry

As already mentioned, the U P Kisan Sabha was formed in Allahabad in 1917 by some nationalists participating in the Home Rule movement with the intention of taking this movement to the peasant masses. They published a paper named *Abhyudaya*. They took about 700 peasants to participate as delegates at the Delhi session of the Indian National Congress held in December 1918.

Almost at the same time a Kisan Sabha was set up in the village of Rure in the Patti tehsil of Pratapgarh, by a dispossessed *kurmi* under-proprietor Jhinguri Singh and his colleague Sahdev Singh. Baba Ram Chandra joined the Sabha sometime later.

Sridhar Balwant Jodhpurkar was a Maharashtrian Brahmin who went to Fiji in 1905 as an indentured labourer, but ran away from there to avoid arrest for his part in the emancipation struggle of indentured labourers. He came to Azamgarh and, after moving about in Jaunpur, settled in Pratapgarh to become Baba Ram Chandra. In Azamgarh and Jaunpur he worked as a religious preacher before he took up social work with the aim of defending the Pratapgarh peasantry against the oppression of the *taluqdars*.

Why he chose Pratapgarh for his social work and why the idea of organising a Kisan Sabha arose in the minds of Jhinguri Singh and Sahdev of Rure, of all the places, is a subject of controversy. While some may ascribe it to some religious myths connected with the *Ramayan* (of Tulsidas), the popular epic of Oudh, and the inclination of a hitherto religious preacher to use them in a symbolic way, the socio-economic conditions prevailing in this district, as discussed by Kapil Kumar, certainly had a lot to do with this choice, together with the fact that some devoted workers were already in the field to cooperate with the Baba.

Pratapgarh was at that time a *taluqdari* district with as many as 52 *taluqdari* estates, amongst which 32 paid more than Rs 5000 as revenue. It had as high a percentage of insecure tenants (or tenants-at-will) as 91.34 in 1918. This district had a good percentage of Brahmins (13.61 per cent—next only to Sultanpur in Oudh) who were mostly poor. The *taluqdars* and *zamindars* were mostly Rajputs. Another fact to be noted is that this district had the highest percentage of *kurmis* and a good percentage of *ahirs* (once again second only to Sultanpur). According to the report of the Commissioner of Faizabad sent to the Chief Secretary, U P Government, on November 25, 1920, the families

residing in N W P were reluctant to marry their daughters to persons who had no rights of occupancy in land and "who may be beggars at the whim of their landlords". This must certainly have been a very sore and humiliating point, particularly for Brahmins, and for *kurmis* and *ahirs* too. They wanted to maintain their land at any cost and were ready to pay the increasing demands of *nazrana* to the *taluqdars* for this purpose; many of them, as Kapil Kumar points out, migrated to other parts of the country to earn money and send remittances home with this objective. It is quite likely that these three communities joined together to form the Kisan Sabha, in a *kurmi* ex-landlord dominated village and had the ready support of agricultural workers, mostly *chamars* and *pasis*, who were the worst sufferers, paying even more rent than the higher-caste tenants.

When Baba Ram Chandra joined Jhinguri Singh and Sahdev Singh sometime towards the end of 1918, he first tried "to work for harmony between the landlords and the tenants". The *taluqdars* did not listen to him. "After being rebuffed by the *taluqdars* Ram Chandra tried to enlist the cooperation of the district authorities to accomplish his mission"; at that time there was an Indian Deputy Commissioner in the district, V N Mehta, who had a rather liberal outlook and was easily accessible to Baba Ram Chandra.

Baba Ram Chandra moved from village to village, addressing villagers with a liberal use of *chaupais* (four line verse) from Tulsidas *Ramayana* to rouse them against the *taluqdari* oppression and to get them organised in Kisan Sabha units, which meant electing *panches* to settle their mutual disputes. His cry of Sita Ram was relayed from village to village when he wanted them to collect at one place. By the middle of June 1920 about 50 branches were formed. In the meetings of the Sabha, *kisans* were asked not to pay anything except the recorded rent and to perform no *begaar*. If any *kisan* was ejected no other tenant was to take his land under a fresh settlement with landlords. Baba also propagated a programme for rural development, opening of cotton mills, introduction of cotton as a cash crop, starting of seed and grain depots, female education, etc.

Having heard of the Champaran struggle, Baba Ram Chandra led in June 1920 a march to Allahabad on foot (as already mentioned) to bring "Mahatma Gandhi and other educated urban leaders" and they soon started coming. A pamphlet *Kisan Pratigya* (Kisan Pledge) was circulated in the name of the U P Kisan Sabha which asked peasants to take a solemn vow not to pay any excess rent or *nazrana*, to insist on a receipt, to tolerate no insult or abuse, to stop the supply of perquisites without payment (a concessional rate was permitted), to settle all mutual quarrels through village *panchayats* to help a fellow tenant in trouble, and not to be afraid of the police.

The activities of the Kisan Sabha received a big impetus as a result of these visits of national leaders and big meetings and rallies

of thousands of peasants began to be held. Baba Ram Chandra outlined a programme of social boycott of all those persons who did not agree with the Kisan Sabha Programme.

The *taluqdars* were not ready to give any concession to the tenants and they pressurised the administration to take action against Baba Ram Chandra. Reports of "high handedness" were filed against him and his colleagues and the administration called upon Baba to furnish sureties. A Kisan Hitkarni Sabha was formed by landlords. On August 28, 1920, Baba Ram Chandra was arrested with 32 other peasant leaders under a false charge of stealing a log of wood. Baba refused to furnish sureties. Thousands gathered on September 1 in the court and were addressed by national leaders including Jawaharlal Nehru. The hearing was postponed till September 10 and the authorities decided to hold the trial in Jail. In the meantime they tried to effect a compromise between tenants and landlords asking the former to stay at home on the date of hearing and the latter to stop taking *nazrana*. Crowds again gathered on September 10, at the Jail and only dispersed when the leaders like Matubad Pandey, an advocate, assured them that Baba would be released the next day. On 11th Baba Ram Chandra was taken in a car a few miles away, and released after the farce of a trial on a personal bond of Rs 5000. Pending cases against peasant leaders were withdrawn on September 15.

The peasants achieved another victory when the Deputy Commissioner V N Mehta started his enquiry under orders from Governor Butler. The enquiry unmasked the tyranny of the *taluqdars*. Mehta continued his efforts for a compromise and Baba Ram Chandra as a peasant leader cooperated with him, offering to agree to pay some customary levies as a concession.

On October 17, 1920, a meeting of *panches* of various Kisan Sabha units was held in Pratapgarh which was attended by the Deputy Commissioner as well as by Jawaharlal Nehru. The former asked the peasants to adopt constitutional means and send representatives to the new Council (to be elected under the Montague-Chelmsford Reforms). Jawaharlal Nehru objected to this, and when Mehta left, declared the Council to be a farce and advocated boycott of elections.

The meeting decided to form an Oudh Kisan Sabha for which a constitution was framed with the assistance of Nehru. It reiterated the pledge not to cultivate the land of a brother tenant who has been ejected, not to pay *nazrana* or any other illegal charges, not to perform *hari* or *begaar*, to boycott socially all those who did not abide by the pledge, and to settle all disputes through *panchayats*.

Units of this Oudh Kisan Sabha spread not only in Pratapgarh, but also in the neighbouring districts of Barabanki, Sultanpur, Rae Bareilly and Faizabad. Baba Ram Chandra extensively toured Barabangi and other districts.

Another big peasant rally was held at Ajodhya on December 20,

1920. Thousands of peasants coming from Pratapgarh, Rae Bareilly and different parts of Faizabad, attended it. Even Muslim peasants were given shelter in Hindu temples. Baba Ram Chandra sat on the dias dressed like a prisoner bound in ropes. He told the peasants that they were in triple bondage to "Government, taluqdars and capitalists", and only if they promised to unite and end this bondage, would he unite the ropes. After loud assurances the ropes were untied.

It was announced that the next rally would be held at Unchahar in Rae Bareilly on January 15, 1921 to make known to the peasants the message of the Nagpur Session of the Indian National Congress.

Movement Turns Militant

The leadership of the Indian National Congress utilised this movement to extent its base amongst the peasantry and mobilised support for the non-cooperation struggle which was launched at this time and withdrawn by Gandhi after the Chauri Chaura incident in early 1922. The Congress, however, also wanted to win the support of the bulk of the *zamindars* for its non-cooperation and other programmes. Hence it wanted the Kisan Sabha to confine its activities within the framework of Congress policies and to work only for a workable compromise with the *zamindars* instead of getting involved in an anti-landlord class war.

But the Kisan Sabha movement roused the class anger of the peasantry against *talukdari* oppression and it could not remain confined within the limits prescribed by the Congress leadership. It burst forth in the form of militant mass actions against *taluqdars*, *mahajans* and traders who had squeezed the peasantry in the inflationary situation generated as a result of the First World War. Houses and grain stores of landlords and *mahajans*, and shops of black-marketeers were looted, *peons* and *karindas* of the landlords were roughed at and in some places even a parallel local administration was set up. Attempts by the police to arrest the leaders were resisted by mobs which surrounded courts and jails. These movements starting from October 1920 went on until the middle of 1921 when they were crushed with the help of armed forces and the police in a most brutal manner.

It is to be noted that these incidents were generally of a spontaneous nature and took place mainly in Rae Bareilly in which neither Baba Ram Chandra nor any of his close colleagues had any direct hand although the Kisan Sabha did condemn repression, demanded enquiries, and helped the affected peasants to some extent.

In October 1920 Thakurdin Singh, a former employee of Parhat State in Pratapgarh district, set up a Kisan Sabha and asked the peasants not to pay rent to the Raja. Peons sent by the Raja were beaten up and the administration collapsed temporarily. Crowds harvested crops on the Raja's *sir*. The movement was ultimately crushed by the combined forces of the Raja's men and the police; Thakurdin Singh was arrested

in early January 1921 and convicted to four years imprisonment. In Rae Bareilly a series of incidents occurred.

On January 2 and 3, 1921 crops of several *taluqdars* and *zamindars* at Aundu Chichandi, Tikragachipur, Gaura, Gutia etc, were forcibly harvested or destroyed by crowds of tenants, and in one place a *taluqdar* was forced to sign a pledge that he would desist from ejectments.

On January 5, crowds of peasants looted the shopkeepers in Salon and Rustampur for refusing to sell cloth at four annas a yard. On January 6, the store of Sardar Birpal Singh at Khurehti and the godown of Sardar Nihal Singh at Antu were looted and the office of the *ziledar* was destroyed. Cloth merchants were looted on January 6 at Bamanpur and Thagwan; crowds looted properties of the *taluqdars* at Aundu, Man, Khurehti and Jagdishpur.

Major incidents occurred at Chandania, Munshiganj and Fursatganj between January 5 and 7, and later on at Bachrawan on January 23.

Taluqdar Tribhuwan Bahadur Singh of Chandania had maintained a prostitute, Achijan, who used to meddle with the affairs of the estate and was hated by the tenants. Amol Sharma, a tenant was ejected and a crowd led by Baba Janaki Das surrounded the palace demanding restoration of land to Sharma, ouster of Achijan and restoration of the legal Rani. A Police force led by the Dy Commissioner came and arrested Janaki Das, Amol Sharma and Badri Narayan Singh, but the people would not allow police to take them away; the crowd finally dispersed only when Janaki Das persuaded them to go away.

At Fursatganj Bazar, crowds demanding sale of cloth at 4 annas a yard and of flour at 8 seers a rupee were fired at by the police resulting in six deaths and the arrest of 23 injured persons.

Crowds of peasants proceeding to Rae Bareilly jail to have a view of their leaders believed to be inside, were fired at repeatedly at the Munshiganj bridge in a day-long tussle with the police. Jawaharlal Nehru, who had come on hearing about the incident, was not allowed to go near the scene. Official figures of casualties were placed at 4 killed and 14 wounded but people believed about a hundred dead bodies were thrown into the Ganga near Dalmau.

Congress leaders announced a postponement of the January 13 meeting at Unchahar and asked those peasants who had gathered there to go back. At Sultanpur railway station the peasants who tried to travel by train were brutally *lathi* charged. Baba Ram Chandra was detained by the Congress and Khilafat volunteers at Anand Bhavan, Allahbad, preventing him from going there.

On 23rd January two police constables were killed by the peasants in the village of Sehagaon Paschimgaon, in retaliation of the Munshiganj killings. There was a clash between the police and the people when the latter resisted the shifting of a bazaar to the *taluqdars* premises at Bachrawan, fearing that the *taluqdars* in this place would charge heavy

taxes. In this clash three were killed including one police constable and 12 injured. Two persons, Salik and Ram Avtar, were sentenced to death and hanged in this connection. In all, 108 persons were sentenced in Rae Bareilly in 16 different cases.

In Faizabad, the Kisan Sabha, lead by Deo Narayan Pandey, organised a strike of agricultural workers for higher wages. Between January 12 and 14, crowds in Dankara village and also in the villages around Baskhari, attacked the house of the *zamindars* and *mahajans*. Some upper class women were humiliated by women in the crowd. The police arrested 346 persons and looted 114 houses in 31 villages as an act of reprisal. The value of property looted was estimated to be over 2,00,000 rupees.

On January 17, when Deo Narayan Pandey came to make enquiries about police repression, he was assaulted by Alopi, a landlord. Pandey organised a *dharna* in front of the police station from January 20 demanding an apology from the SHO. The people dispersed only after the promise was made of an enquiry into the incident and the report to be announced by January 27.

On January 22, Jawaharlal Nehru came and tried to appease the peasants in his speech, but large crowds still gathered at Guhuana on January 27 to hear about the result of the enquiry. Presiding over the meeting, Jawaharlal Nehru tried to get a resolution passed condemning "plunders", but due to the opposition by the crowd such a resolution could not be passed.

One Suraj Prasad, alias Chota Ram Chandra, declared himself the ruler of Khaparadih estate, abolished *zamindari* rights, imposed fines on government servants and even arrested a police constable. He was arrested on January 29. There was a pitched battle at Goshainganj railway station between people who tried to travel without tickets, and the police.

Large scale arrests of Kisan Sabha activists, heavy sentences awarded to them and flag marches with artillery by the military were used to suppress the tenants. *Talugdars* and the police unleashed a reign of terror in all the Oudh districts affected by the Kisan Sabha movement.

The movement was crushed, although stray incidents continued. One such incident was in Karhia village in Rae Bareilly district. Brijpal Singh, a soldier, came on leave and a meeting was held by the Kisan Sabha to set up an organisation, ventilate grievances and deal with cases of indiscipline. Certain persons were punished for disobeying the Kisan Sabha decisions or for being criminals. The Sabha demanded the dismissal of the manager of Naruddinpur estate in Salon tehsil, failing which he was to be made to ride a donkey with a blackened face. The police prohibited a meeting fixed for March 20 and arrested Brijpal Singh and Jhunku Singh. The peasants followed the police party. A clash ensued when the police tried to handcuff the prisoners and abuse them. In the firing that followed Jhunku Singh was wounded and succumbed

to the injuries. Apart from Brijpal Singh, 19 others were arrested and sentenced to four years imprisonment which included three months solitary confinement.

Baba Rama Chadra was kept in detention in Anand Bhavan to prevent him from attending the Unchahar meeting. A U P Kisan Conference was held in Allahabad in his presence on February 7, 1921 which elected Motilal Nehru as its president. The group led by R K Malviya, who wanted to contest the Council elections against the Congress programme of boycott and non-cooperation, split and formed a parallel U P Kisan Sabha. The Oudh Kisan Sabha was dissolved. Baba was arrested on February 10 in the presence of about 80,000 persons at the opening ceremony of Kashi Vidyapith in Banaras and taken to the Central Prison. Nehru, who was present, pacified the people.

The AIKA Movement

The militant movement of the Oudh tenantry once again brought to the forefront the question of tenancy rights, and the Oudh Rent (Amendment) Act, 1921, was discussed and passed in the Council. This Act only granted life tenancy to all secure tenants, with a five year security for the heir to *chapparband* tenants (resident tenants). After the expiry of the tenancy, rents could be enhanced by agreement and no upper limit was fixed for such enhancements. The landlords were granted a right of resumption for self-cultivation with the permission of the Deputy Commissioner. Thus, the Act took more from peasantry than what it gave them.

While the movement in the southern Oudh districts of Pratapgarh, Rae Bareilly, Sultanpur and Faizabad died down by the middle of 1921, as a result of brutal repressions, a new movement named AIKA movement was started in the northern and central Oudh districts of Hardoi, Lucknow, Unnao, Sitapur, Baharaich and Kheri.

Khwaja Ahmad of Malihabad (Lucknow district) and Madari Passi of the neighbouring Hardoi are said to be the initiators of this movement. Baba Rama Chandra was believed to be in Lucknow jail and the Pathans of Malihabad planned to raid the jail and rescue him, but before they could do so, he was transferred to Bareilly jail.

Like Baba Ram Chandra, Madari Passi used religious symbols with dramatic effects. He would invite the peasants to *satya narayan katha* or *milad*, or both. All listeners were then told of the need for AIKA or unity and each one of them paid a small amount (2 paise—at that time 64 paise were equal to a rupee); a part of the collection was used for the expenses of *katha* or *milad* and the rest was retained as a fund to fight court cases. After this they would take the AIKA pledge which included, amongst other things, the pledge not to leave the field when ejected, not to pay rent without obtaining a receipt, not to pay any excess rent or any perquisite, or perform *begaar*, not to pay anything for using irrigation tanks or for grazing the cattle, not to tolerate insult

and oppression and to settle all mutual-disputes through *panchayats*. Along with this economic programme, they also pledged to fight for *swarajya*, use *swadeshi* and *charkha* (spinning wheel) and boycott courts, etc.

In these districts, particularly in Sitapur and Baharaich a system of *batai* (share cropping) prevailed under which the tenants had not only to pay more as compared to cash rent paying tenants but were also subjected to various types of fraud while dividing the crop. There was also the *kankut* (appraisal) and the *thekedari* (contract) system. Tenants wanted these oppressive systems to end.

This movement spread rapidly and soon led to clashes between the landlords and tenants. In December 1921, such clashes occurred in the Sandila tehsil. Harnoi was not a *talugdari* district and smaller proprietors predominated there. They became panicky and began to run away from the movement-affected villages. Madari Passi began to distribute lands to the evicted tenants and the landless. Those who did not take the AIKA pledge as well as the officials were socially boycotted. In some villages, the peasants themselves appointed new "officials".

The Congressmen did not like these developments and they began to disown the movement. An Oudh Kisan conference, held at Hardoi on March 13, 1922, and presided over by Motilal Nehru, appealed to the peasants to cease all this activity for otherwise "it would be impossible to obtain Swaraj; unity between peasants and Zamindars would lead to Swaraj and assist the peasants more effectively".

The *zamindars* also held their meetings and demanded "protection" from the activists of this movement whom they described as "bad characters". They also decided to form their own armed retainers. An arrest warrant was issued against Madari Passi but he could not be arrested and was believed to have joined HSRA. A force consisting of 2000 men mounted on 50 Ford vans was stationed in Hardoi to effect his arrest.

Clashes with the police and arrests of AIKA activists who were given heavy sentences continued in the Hardoi district. In a clash on March 9, 1922 in Udaipur village two peasants were shot dead. In Baharaich the movement against grain rent continued and cases of grain lifting were reported. One *thekedar* was beaten up by the peasants who carried away the grain. In Sitapur agrarian unrest was reported in the villages around Kunwarpur under P S Sidhauri. Similar disturbances were reported from the villages in Maholi P S, Mahmudabad P S and Laharpur P S. In some villages around Laharpur a parallel administration with "officials" appointed by the peasants was set up. In Maholi the crops of the landlords were harvested.

Jawaharlal Nehru and Mohan Lal Saxena visited Sitapur to enquire about the police repression and *talugdars* oppression and the report submitted by them to the U P Congress Committee gave details of the oppression in the areas under the control of the Court of Ward. The

movement spread to Barabanki, Unnao and even to Faizabad. But by the end of the year it petered out.

Some Questions Concerning the Movement

While Kapil Kumar has given quite a detailed and well-researched account of these two movements, he has made certain very sweeping observations which require reconsideration.

While referring to the role of the *babas*, *fakirs*, and *sadhus*, calling them "militant rural intelligentsia", he says in his concluding remarks: "Their exercise rested on a *precise understanding of the situation and a detailed diagnosis of contemporary social ills*. *Aware of social contradictions*, they directed the ideas and aspirations of the peasants by identifying themselves with the class interests of the latter, and by working out and making coherent the principles and problems raised by the masses in their practical activity, thus constituting a cultural and social bloc." (p 221, emphasis added).

During the periods of acute discontent amongst the backward and illiterate sections of the masses, it is quite likely that *babas*, *fakirs* and *sadhus* may appear on the scene, identify themselves with the class interests of the peasants, but does that mean that "their exercise rested on a precise understanding of the situation and a detailed diagnosis of contemporary social ills", or that these *babas*, *sadhus* and *fakirs* were aware of the "social contradictions"? I wonder whether to elevate these *babas*, *sadhus* and *fakirs* to the status of militant, rural intelligentsia is justified, although they may, at times, be at the head of a militant movement and play a very heroic role.

Using religious texts and symbols "to expose and oppose the British", or "to highlight the exploitative character of the Indian society" and to rouse the peasantry to fight exploitation is all right. But, as Kapil Kumar has himself admitted, religion "had and still has" its reactionary, as well as 'rationalising aspects in the social life of peasantry, and religious literature has been used as an instrument to uphold and sustain both these contradictory aspects". It is the same *Ramayana* which says that Shudras, rustics (*ganwar*) and women are fit to be beaten and justified the beheading of Shambook, the Harijan, by its hero, Ram. Therefore, one has to educate the rural poor about these reactionary aspects too, if one does not wish to lower their sights to the immediate struggle alone to the neglect of the long term question of the emancipation of the peasantry through a basic change in the very system of oppression. The use of religious symbols without clarifying this aspect leads to a situation where the leadership of a glorious anti-imperialist struggle which overthrew the Shah of Iran, passes into the hands of a fundamentalist and reactionary Khomeini. Is it only an accident that in the same area where Baba Ram Chandra united peasants of all castes and both Hindus and Muslims in a glorious struggle, caste politics predominates today?

Regarding the question of "identification of the sections of the peasantry that participated in or directed the Kisan Sabha and AIKA movement" the reality was that it was a movement of the entire peasantry from agricultural labourers to ex-proprietary tenants, who all were facing *taluqdari* oppression. Of course, in meetings and peasant actions, the poorer sections, being numerically larger, predominated. But that does not make them the movements of agricultural workers or peasants alone.

There was no permanent settlement and even the miniscule section of secured tenants was secure for a definite period only, after which the tenancy could not be renewed without paying *nazrana* and without enhancement of rent. They also had to pay various illegal cesses. It is quite likely that tenants who had lost their sub-proprietary or proprietary rights only recently—particularly those belonging to upper castes (Brahmins) might have had in addition a feeling of humiliation and they provided the leadership along with some militant young men belonging to other communities, especially the *kurmis*. They also had some education but had to invite leaders from towns to give impetus to the movement and even had to use the name of Gandhi.

The process of stratification inside the peasantry had not advanced to any significant extent in this area. One does not become rich, middle or poor peasant merely because one pays more or less rent or holds more or less land; there is evidence to show that rent rates differed from tenant to tenant in the same village and the averages do not help us much. The criterion that divides a rich from middle peasant is the use of outside labour and its exploitation. The rich peasant has a surplus in years of normal crop. But under the system that prevailed, there was hardly any surplus left even with persons occupying comparatively bigger holdings. Stratification gets an impetus when capital penetrates into agriculture, but with almost no surplus left to invest and with insecure tenancy, there was hardly any scope for such a development.

Kapil Kumar has repeatedly referred to "urban leaders", "dominant social groups", "socio-cultural elite who dominated the Congress movement", etc, and he has made it clear at the very beginning that he means the "educated middle class" which provided leadership to all movements, including that of the Congress, and from which an Indian bourgeoisie had clearly emerged. They consisted of lawyers, traders, businessmen, small entrepreneurs as well as persons belonging to landlord classes. While sections of them wanted the British rule to continue, increasingly identifying themselves with compradore bourgeois or landlord interests, the bulk of them was rallying behind the Congress.

However, it is difficult to agree when referring to the emergence of new political groupings in the seventyfive years upto the First World War, he calls them "a by-product of Imperial connections, among the dominant sections of the society". All political groups, even those who considered the British parliamentary system to be the last word in

human progress, had education under the imperialist rule but not all were the "by-products of imperial connections". Similarly it is difficult to agree with Kapil Kumar when he equates the "dominant sections" with "the oppressive social forces" while referring to a speech given by Gandhi at the Gujarat political conference on August 28, 1920, in which he (Gandhi) said that "a beginning should be made by the classes who have hitherto moulded and represented opinion".

In a colonial country, with an extreme form of feudal oppression the peasant movement has to grow and develop as part of the general democratic movement, at first for the liberation of the country from foreign yoke and then going forward to the solution of its age-old problems of exploitation, poverty and backwardness in the successful consummation of an agrarian revolution through the installation of People's Democracy. It is only the leadership of the working class which can provide the peasant movement with the necessary perspective and direction. But such a leadership was physically absent in the 1920s in Oudh and even in Champaran and it was futile to expect Gandhi or any other militant leader thrown up from even the ranks of the peasantry to rise to the occasion and develop the movement to its full "revolutionary potential". The bourgeois leadership wanted the peasant movement to back its efforts to effect a compromise with imperialist administration in its own class interest and wanted the peasantry to effect a compromise with the *taluqdars*. But that does not mean that the bourgeoisie as a class had no contradictions with feudalism or that the Congress as a whole had become identified with the *taluqdars* or the system of feudal landownership. They did not want these contradictions to come in the way of building an anti-imperialist front, including the *zamindars*, and therefore told the peasantry: "Wait, we are at present fighting a bigger *zamindar*, your problems will be solved under *Swaraj*". The peasantry trusted Gandhi and the Congress leaders. If there had been a working class party it would have advised the peasantry not only to join the anti-imperialist struggle, but also to build its own independent class organisation. While uniting with the national bourgeoisie against imperialism, the peasantry would have been made to understand that the bourgeoisie was playing a double role of struggle to effect a compromise with imperialism. Only after the peasantry is finally rid of bourgeois influence and accepts the leadership of the working class, and around the unity of the working class and the peasantry all democratic forces are rallied, can the agrarian revolution be completed and the peasantry finally emancipated from the yoke of landlord exploitation.

It was a great achievement of the movement of the Oudh peasantry to have come to the conclusion that a peasant organisation was necessary. But their understanding did not go beyond that and the "urban leaders" representing the bourgeoisie pounced upon their organisation to ensure that this weapon was not used by the peasantry

to adopt a revolutionary course and join the working class which was emerging on the national scene. The Kisan Sabha had to be built again and it is necessary in the interest of carrying forward the traditions of the glorious struggles of Oudh peasants in the 1920s to take this organisation once again into these areas with this new perspective and ask the peasantry to hold its banner high to fulfil the dreams of Baba Ram Chandra and other great heroes and martyrs of that great struggle.

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138

Early History of U S Imperialism in
Korea □ U S Imperialism in Africa □
Imperialism in South Asia

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CONTENTS

<i>Editorial</i>	1
<i>Early History of U S Imperialism in Korea</i>	
— R R Krishnan	3
<i>Africa: Trends in U S Imperialism</i>	
— Rajen Harshe	19
<i>New Thrust of Imperialism in South Asia</i>	
— Zoya Hasan	34
NOTES	
<i>The U S and Us</i>	
— G P Deshpande	49
<i>United States and the Asia-Pacific Region in 1980s</i>	
— G V C Naidu	57

BOOK REVIEW

<i>Women, Race and Class</i> , by Angela Y Davis	
— Malini Bhattacharya	65

Articles, notes and reviews express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

WE, as a nation, are much less imperialism-conscious than perhaps any other in the Third World. Given the long and bitter history of colonial rule that we experienced, this is rather curious; and it cannot be entirely explained by the fact that in the years since independence we have not had Latin-American style intervention by imperialism in our affairs. For one thing, the very experience of colonialism should have made us extra sensitive to imperialist interventions, which, no matter how they measure up on the Latin American scale, have been plentiful and persistent. Besides, like the "dog that did not bark", the absence of Latin American-style operation by imperialism itself requires an explanation. In other words, if imperialist operations in India have been less overt and blatant than elsewhere, then that is a matter for particular investigation, and should not make us oblivious of its sinister and ubiquitous presence, including on our own soil.

Whatever be the elements of our intellectual psyche that explains this ostrich-like attitude towards imperialism, the attitude itself constitutes a major weakness of our intellectual life. And in the emerging situation in India, this weakness is likely to be a seriously debilitating one. The assassination of Prime Minister Indira Gandhi and the carnage which followed in its wake in several parts of the country, but above all in the capital city, have revealed the magnitude of the crisis facing the country. Never since independence has the very being of the country so emphatically come into question. An important contribution to the vertex in which we are caught has undoubtedly been made by imperialism, notably U S imperialism. And obliviousness of this fact can prove exceedingly costly. It is in this context that we have decided to devote the current number of *Social Scientist* to a study of U S imperialism, particularly its involvement, viewed in a historical perspective, in Asia.

The lead article by R R Krishnan and the note by G V C Naidu, capture between them significant aspects of the history of U S imperialist involvement in the Asia-Pacific region, and the changing relationship between U S and Japanese imperialism. From accommodation in the early years—Korea for Japan and the Philippines for the United States—to

confrontation culminating in Pearl Harbour and its sequel, to the rush by the United States to occupy the space vacated by a defeated Japan, to the recent U S efforts to militarise Japan and integrate her as a partner into the "security arrangement" dominated by the U S: the story of this changing relationship is recounted through the two pieces. The post-war phases of this changing relationship moreover become intelligible in the context of the revolutionary challenge in Asia, whose significant moments are captured in the two pieces.

The article by Zoya Hasan and the note by G P Deshpande focus on U S involvement in the South Asia region. Both draw attention to an extremely important point: obscurantism and religious fundamentalism become a powerful ally of imperialism in the current epoch in its efforts to thwart the revolutionary advance of the people. From Poland to Bangladesh, the revival of religion, whatever be the material roots of this revival, plays into the hands of imperialism. Iran, despite its apparent opposition to U S imperialism, is not really an exception to this, as Deshpande argues. He goes on to argue that assassination of particular leaders in South Asian countries whose attitudes towards imperialism were marked by a cautious ambivalence, have often marked the beginning of a pro-imperialist and even revivalist phase for the country concerned; the impression of imperialist tolerance of, if not active collusion in, these assassination moves is thus difficult to avoid. Zoya Hasan points out how in the new aggressive phase of U S imperialism under Reagan, India, notwithstanding the vacillations and compromise of her bourgeoisie, continues to be of considerable irritant potential for imperialism. Its global strategy involving the militarisation of the Indian Ocean, the arming of Pakistan etc, also encompasses a reduction of India to a weak, divided or a pliant state.

Finally, the article by Rajen Harshe, which is written from a slightly different perspective, as is evident in his rather inclusive definition of imperialism, provides a useful complement to the other pieces by recounting the states and the involvement of the Western capitalist countries in the African continent.

Early History of U S Imperialism in Korea

IN MAY 1982, amidst much fanfare and publicity, the United States and South Korea celebrated the centennial of the Treaty of Peace, Amity, Commerce and Navigation between the Kingdom of Choson (Korea) and U S A. The Treaty, among other things, provided for the opening of diplomatic relations and the establishment of permanent missions in the capitals of the two countries.¹ During the centennial celebrations, Ronald Reagan and Chon Doo Hwan spoke glowingly of the first century of U S-Korean official relations, and hoped that the second century would witness even more glorious relations. In a proclamation on the occasion, Reagan said:

This treaty marked a new chapter in the history of Northeast Asia and was the auspicious beginning of an enduring partnership between the United States and Korea....Americans are proud of the role they have played in Korean history, especially during these last 100 years. In 1945, American soldiers were crucial to the restoration of this ancient land's independence....²

Reagan was indulging in something more than rhetoric. He was distorting the history of US-Korean relations and the American role in Korean history. The nature of the distortion and its implications are discussed in this essay.

To be sure, U S-Korean relations did not begin with the Treaty of 1882. It would also be wrong to characterise the Treaty as marking "a new chapter in the history of Northeast Asia" in any positive sense. The Treaty was preceded by more than a decade and a half of stormy relations marked by the efforts of the Koreans to resist the intimidatory and aggressive activities of the U S armed vessels and naval expeditionary forces to force "open" the "Hermit Kingdom".³ The Treaty should, therefore, be seen more as a product of the gunboat diplomacy that the U S A employed just like any other imperialist power of the nineteenth century. Indeed, as an author so aptly observed, Commodore R W Shuefeldt's act of "opening" Korea in 1882 was "one of most vivid examples

*Centre for East Asian Studies, Jawaharlal Nehru University, New Delhi.

of episodes in a well-defined pattern of global gunboat diplomacy".⁴ The USA had broken the seclusion policy of Japan through the "black-ships" of Commodore Perry in 1853 and imposed crushing trade agreements upon China (1844, 1858) and was now forcing Korea "open" to gain access to its rich natural resources like gold, to extract monopoly rights in respect of electricity, the railways, the waterways and the street cars, and to obtain trade concessions. Its plan was to use Korea as a strategic springboard for more effective armed intervention in the Far East and for facilitation of the spread of Christian missionary activity.⁵ The Treaty marked the concluding phase of the circuit of unequal treaties through which the USA "opened" the countries of East Asia to the West. Commodore Shuefeldt boastfully claimed that by concluding the Treaty he had accomplished "the feat of bringing the last of the exclusive countries within the pale of Western civilization"⁶ just as his senior, Commodore Perry, had accomplished a similar feat *vis-a-vis* Japan in 1853. By 1882 the USA concluded a Treaty with Korea on the lines of the Treaty of Kanghwa, which Japan had imposed on Korea in 1876, and the treaties that the USA itself had concluded with China. The weak, faction-ridden royal court of Korea was just not capable of resisting the USA any longer. Besides China, to which Korea historically tended to look for protection and support, prevailed upon the Korean court to yield to the US pressures to "open" Korea, in the vain hope that the US influence on Korea would act as a deterrent on an expansionist Japan.⁷ In the light of this historical background, Reagan's argument that the Treaty "marked a new chapter in the history of Northeastern Asia" seems to conceal the imperialist advance of the USA in East Asia and the disastrous consequences it had for Korea.

Reagan also claimed that the Treaty marked "the auspicious beginning of an enduring partnership" and that the Americans were proud of the role they had played in the past one hundred years of Korean history (1882-1982). It is fallacious and motivated to argue that US-Korean official relations have had an uninterrupted or continuous history, or a history characterised by "enduring partnership". Such an argument conveniently overlooks the blank periods in the relations between Korea and the USA as two sovereign, independent entities. It also overlooks the period when the USA formally imposed its military government in Korea (US Army Military Government in Korea) between September 1945 and August 1948. It implies that the "Republic of Korea", a progeny of the US military government in Korea that came into being on August 15, 1948 and to which the USA was the first to give *de jure* recognition in January 1, 1949, is the only historically and politically legitimate successor to the Kingdom of Choson, with which the USA had concluded the treaty of 1882. In other words, the implications of the argument are that (i) the Republic of Korea's ante-state history goes back to the last dynasty of the Kingdom

of Choson (Yi 1392-1910) and that (ii) the political entity called the Republic of Korea (which was created by the U S Military Government) and Korea as a geographical, ethnic, cultural, historical, and national entity, are identical. How continuous was the history of the so-called U S-Korean official relations? How enduring was the "partnership" and how edifying was the U S role in Korean history? Let us look at the facts. There was a complete blank and a total and formal break in the official relations between Korea and the U S A as sovereign independent entities from 1905 to 1945, i e, for a period of forty years. The U S A closed its diplomatic mission in Seoul in November 1905 and withdrew its recognition of Korea as a sovereign, independent state. It was the very state which the U S A had so desperately wanted to recognise as an independent entity just twentythree years before. Worse still, during the presidency of Theodore Roosevelt, the U S A, in cynical violation of the very first clause of the treaty of 1882 (known as the good offices clause) entered into a secret arrangement with Japan (the Taft-Katsura Memorandum) to allow the latter to extend its sovereignty over Korea.⁸ The good offices clause of the treaty stated: "If other powers deal unjustly or oppressively with either government, the other will exert good offices, and bring about amicable arrangement, thus showing their friendly feeling."⁹ In fact, by the time the Russo-Japanese War broke out in February 1904, the U S A had decided to abandon its relations with Korea and to cultivate expansionist Japan and help it play its "due" role in Korea and Manchuria. Theodore Roosevelt made no secret of his contempt for Korea; he was proud to be known as "pro-Japanese".¹⁰ He told Baron Suematsue Kancho that Japan should have a position in Korea "just like we have with Cuba".¹¹ A careful reading of the Taft-Katsura Memorandum, which Theodore Roosevelt fully endorsed, would clearly show how the U S A was seeking from Japan an assurance abjuring aggressive intentions in the Philippines (which it viewed as falling within its own exclusive sphere of influence) in return for its approval of Japan's extension of sovereignty over Korea.¹² According to Kaneko Kentaro, who was a member of the Japanese delegation at the Portsmouth Conference, Theodore Roosevelt told him:

(Japan) does not need money. You talk about collecting indemnity. Instead, take Sakhalin, Manchurian railway, Port Arthur, and the coalmine at Lushun. Sooner or later, it will be better for Japan to take Korea. It will be good for the Koreans and Asia. I don't think Japan should take Korea right away, but sooner or later it will be better for (Japan) to take her.¹³

About two months after the conclusion of the Treaty of Portsmouth in September 1906, Theodore Roosevelt instructed the American Minister in Korea that he should "pack and come home because the

annexation of Korea by Japan will be good for Korea as well as Japan.¹⁴ A contemporary account by the well-known American missionary, Homer B Hulbert, sums up America's role in Korea at a crucial phase of Korean history. Writing in 1906, Hulbert said:

But when the time of difficulty approached and America's disinterested friendship was to be called upon to prove the genuineness of its oft-repeated protestations, we deserted her (Korea) with such celerity, such cold-heartedness and such a refinement of contempt that the blood of every decent American citizen in Korea boiled with indignation. How can we, the American people, prove to the Koreans that we were not accessory to this act, which was so contrary to the principle we have professed to hold? ¹⁵

Theodore Roosevelt might have felt immensely gratified when he won the Nobel Peace Prize in 1906 for his role in the conclusion of the Treaty of Portsmouth, but in our view it was really a prize for the U S policy of appeasement of aggressive and expansionist Japan and for its action in mortgaging away the sovereignty and independence of Korea to the Japanese. Thus the U S A, having first forced Korea "open" for the West, shut the door and turned to greener and safer pastures for feeding its imperialism.

U S and the Korean People's Anti-Colonial Struggle

Before we examine the U S policy towards the Korean people's anti-colonial struggle a brief reference to the historical experience of the Korean people during the colonial rule may be in order. Although the Japanese colonial rule was brief compared with the duration of the colonial rule of the Western imperialist powers, it was "intense and barbaric". Not only did Japan exploit Korea to sustain its imperialist structure and war machine, but it also sought to obliterate Korea as a distinct cultural and national entity by pursuing a policy of *naissen-ittai* (Japanese-Korean unity). The Japanese colonial rule, especially after 1931, was characterised by a fusion of colonial and Fascist orders and was hence fiercely anti-communist.¹⁶ The Korean people had thus to undergo the traumatic experience of living under one of the most organised and strident anti-communist terrors in colonial history, so much so that the struggle against anti-communism and the struggle against colonial rule got inextricably interlinked. The Korean anti-colonial movement passed through a number of phases, each marked by a different form of struggle. It also witnessed the guerrilla struggle of the communists. It assumed heroic proportions in time, with thousands laying down their lives and several thousands more imprisoned and undergoing torture. Indeed it was a all-class nation-wide movement, but for a microscopic minority of collaborators who were despised as much as the alien rulers. The Communists and the Leftists came to

dominate the Korean nationalist movement after 1925, i.e., during the most brutal phase of the colonial rule, so much so that "Leftism became almost synonymous with opposition to Japan. Communist resistance took on a nationalistic patriotic aura".¹⁷ A perceptive author has the following observation to make on the standing and role of the Korean Communists in the nationalist movement:

(The Communists) succeeded in wresting control of the Korean revolution from the Nationalists: they planted a deep core of Communist influence among the Korean people, particularly the students, youth groups, labourers, and peasants. Their fortitude and, at times, obstinate determination to succeed had a profound influence on Korean intellectuals and writers. To the older Koreans, who had grovelled so long before seemingly endless foreign suppression, Communism seemed a new hope and a magic torch. ... For Koreans in general, the sacrifices of the Communists, if not the idea of Communism, made a strong appeal, far stronger than any occasional bomb-throwing exercise of the Nationalists. The haggard appearance of the Communists suffering from torture, their stern and disciplined attitude toward the common enemy of all Koreans had a far-reaching effect on the people.¹⁸

The USA virtually wrote off Korea after Japan annexed it in 1910. It did not bother about either colonial rule or the anti-colonial nationalist stirrings. It did not express any sympathy or support for the Korean struggle for national independence. So far as it was concerned, the principles enunciated and the pledges made in the Atlantic Charter of August 1941, especially in respect of the right of national self-determination of peoples, did not apply to the Koreans.¹⁹

It was not till the first quarter of 1943 that the USA again started showing interest in Korea, albeit in the "general context of American thinking regarding the post-war disposition of former colonial areas".²⁰ Not that it felt any concern for the early independence of the Korean people or for the recognition of the inalienable national right of the Korean people to shape their destiny without outside interference. In 1943, Franklin D Roosevelt, picking up the threads of the US policy towards Korea from where Theodore Roosevelt had left them in 1905-06, displayed practically the same contemptuous attitude. Theodore Roosevelt had, as we have seen, argued in 1904-05 that it was for the good of the Koreans that they should be brought under the rule of an alien power like Japan. Franklin Roosevelt now argued on the same lines, ignoring the entire historical experience of the Korean people of being subjugated by colonial rule and their yearning for national independence. He was positive that the Koreans were unfit to govern themselves and that they should be brought under a multilateral trusteeship dominated by his own country. At a meeting with the then British Foreign

Secretary, Anthony Eden, on March 27, 1943, he "mentioned Korea and Indo-China as areas ripe for post-war Trusteeships".²¹

U S Plans for Trusteeship

However Britain and France were not favourably impressed by Franklin Roosevelt's plan of multilateral trusteeship for the colonies; for it went against their own plans for the continuance of their rule in their respective colonies.²² Eden was quick to see how Roosevelt's idea furthered American interests more than anything else. He later stated in his memoirs: "... (Roosevelt) hoped that the former colonial territories, once free of their masters, would become politically and economically dependent upon the United States, and had no fear that other Powers might fill that role."²³ The first time that the U S A expressed concern for "the enslavement of the Korean people" and agreed that Korea should become "free and independent", even if in "due course", was as late as November-December 1943, at the Cairo Conference of the three Great Powers—China, Britain, and the U S A. Regarding Korea, Cairo Conference declared: "The aforesaid three great Powers (Britain, China, and the U S A); mindful of the enslavement of the people of Korea, are determined that in due course Korea shall become free and independent."²⁴ What is important to note is that the U S A, which had prepared the original draft of the declaration, was ready only to express that it was mindful of the enslavement of the Korean people: it was not prepared to demand immediate independence for Korea. It did not believe that the Koreans were then fit to govern themselves. Significantly, Franklin Roosevelt substituted the words "at the proper moment" in place of "at the earliest moment" when the formulation on Korean independence in the original draft prepared by Harry Hopkins came up before him.²⁵ In other words, the U S A merely wanted to delink Korea from the Japanese Empire, but it did not want Korea to become independent, at least for a few more decades. The question in 1943 was not whether Korea should become independent but how soon or when; and the U S answer was "at the proper moment" or "in due course". The Koreans were not slow to grasp the implication of the proviso "in due course". History seemed to the Koreans to be repeating itself, first as a tragedy and then as a farce; for the Japanese Premier, Hara Kei, too, had, in announcing his country's cultural policy towards Korea following the historic March First 1919 Independence Movement, used the phrase "in due course". He had said: "It is the ultimate purpose of the Japanese Government in due course to treat Korea as in all respects on the same footing with Japan proper".²⁶ The Koreans felt indignant and betrayed at the US move to postpone their independence indefinitely on the spurious plea that they were incapable of governing themselves. How strongly the Koreans felt on the issue can be seen in one of the publications brought out by them outside their country. They pointedly and sarcastically remarked:

Some Americans and Europeans who are not acquainted with the Koreans' historical background, question — "can they govern themselves"? Koreans are of (*sic*) an old nation. When the ancestors of northern Europe were wandering in the forests clad in skins and practising rites, Koreans had government of their own and attained a high degree of civilization.²⁷

The U S A did not bother about the indignation of the Koreans. Franklin Roosevelt persisted with the idea of imposing trusteeship and of bringing Korea under U S tutelage after delinking it from the Japanese Empire. From Cairo, he went on to Teheran to meet Marshal Joseph Stalin in November 1943. He tried to impress upon Stalin, among other things, the need to educate the peoples of the Far Eastern Area, in the "arts of self-government" and to suggest the Philippine pattern for Korea. He argued that Korea would "need some period of apprenticeship before full independence might be attained, perhaps forty years".²⁸ Beginning with the first quarter of 1944, the U S State Department started envisaging American occupation of Korea prior to the creation of a trusteeship and linking the issue of American military action in and around Korea with American post-war aims in Korea. A paper prepared by the State Department pointed out:

The assumption by the United States of a major part in civil affairs and in international supervision of an interim government would be greatly facilitated by the participation of the United States in such military operations as take place in and around Korea.²⁹

It also mentioned the possibility of a military government in Korea "hopefully for a short period", but potentially for one of "considerable duration".³⁰

By the time the Yalta Conference took place in February 1945, the U S A had made it clear that it was interested in carving out for itself a politico-military role in Korea after the Far Eastern war. This comes out clearly in the various studies and papers prepared by the State Department on Korea. It may be argued that the opinions expressed in the papers prepared by the State Department were not necessarily expressed or articulated in the formal/informal meetings during the war-time conference. However, on one crucial point the American view had been crystallised by the time the Yalta Conference took place. The Americans had decided that Korea was no concern of the Koreans. It was the concern of the others; more than anyone else, it was the concern of the United States. The U S A sought thus to internationalise the Korean problem. In an important study on Korea prepared for the Yalta Conference, the State Department planners observed:

The problems of Korea are of such an international character that

with the completion of military operations in Korea: (1) there should be, so far as practicable, Allied representation in the army of occupation and military government in Korea; (2) such representation should be by those countries which have a real interest in the future status of Korea, such as the United States, Great Britain, and China and the Soviet Union if it has entered the war in the Pacific; (3) the representation of other states should not be so large as to reduce the proportionate strength of the United States to a point where its effectiveness would be weakened.³¹

At his meeting with Stalin at Yalta on February 8, 1945, Franklin Roosevelt told him that "he had in mind for Korea a trusteeship composed of a Soviet, an American, and a Chinese representative". He added ominously that it had taken about forty years for the Philippine people to be prepared for self-government but that in the case of Korea, "the period might be from twenty to thirty years".³²

Following the death of Franklin Roosevelt on April 12, 1945, the Vice-President, Harry S Truman, took over the presidency. He attended what turned out to be the last of the war-time conferences of the Allied Powers at Potsdam in July 1945. He later wrote that he did not discuss Korea with Stalin and Churchill.³³ The records of Potsdam conference clearly show that the U S A had left it to the Soviet Union to conduct military operations in Korea and Manchuria against the Japanese forces. We shall discuss this point in greater detail in the next section. The trend of U S thinking on Korea at that time, however, is revealed in an extremely significant paper prepared for the conference by the State Department. This paper stated:

It is possible that the Soviet Union will make strong demands that it have a leading part in the control of Korean affairs. If such demands required the establishment of an administrative authority in which powers other than the Soviet Union had only a nominal voice, it might be advisable to designate Korea as a trust area and to place it under the authority of the United Nations Organisation itself.³⁴

Commenting on this paper, an author has aptly observed:

This paragraph stated succinctly the essential problem, "control of Korean affairs", and laid out three means to the end: an administrative authority (occupation), trusteeship, and the use of the fledgling United Nations organization. The sequence elaborated was indeed followed from 1945 to 1948. The paper overlooked only one matter: where is the voice of the Korean nation?³⁵

Reagan in his proclamation also claimed: "In 1945, American soldiers were crucial to the restoration of this ancient land's (Korea) independence." It is not clear what Reagan was trying to convey. We

have already noted how, up to the Potsdam conference or up to the beginning of August 1945, the U S A was utterly opposed to the independence of Korea. We have also noted how the U S A contributed to and justified Japan's annexation of Korea and propagated the myth that the Koreans were incapable of governing themselves. If Reagan was contending that the U S A played an important role in the defeat of Japan, no one can dispute it although we believe that there was no military need to drop atomic bombs on Hiroshima and Nagasaki, where, in consequence, as many as 273,000 were killed and no fewer than 195,000 received fatal doses of radiation. But defeating Japan did not necessarily mean restoring Korea's independence. Restoration of independence meant, in the context of 1945, restoration of the rights of the Koreans to govern themselves as in the years prior to Japan's imposition of the protectorate on Korea in 1905. If, until the end of the Second World War, the U S A was not interested in the restoration of Korea's independence, then what role did the American soldiers play in Korea in 1945 in terms of advancing the cause of Korea's independence? The American soldiers in fact did not play any role so far as the defeat of the Japanese soldiers stationed in Korea was concerned. They entered Korea only on September 8, 1945, i.e., full three weeks after the defeat and unconditional surrender of Japan, ostensibly to accept formally the surrender of the Japanese forces stationed in the area south of the 38th parallel. Indeed, it was the conscious policy the U S A not to get involved in operations aimed at the Japanese forces in Korea and Manchuria. The U S A was quite keen that the Soviet forces should take on the Japanese in these two areas. This was because,

...the Americans had a high opinion of the Japanese Kwantung army in Manchuria and thought that losses in an invasion of Korea would be greater than in a Kyushu invasion. They thought it better to leave Manchuria and Korea, and these losses, to the Soviet land armies.³⁶

The records of the Potsdam conference show not only how the U.S. military planners attached tremendous importance to the need for the Soviets to enter the war against Japan but also why the Soviets should take on the Japanese forces in Manchuria and Korea. An important document observed that "with reference to clean-up of the Asiatic mainland, our objective should be to get the Russians to deal with the Japs in Manchuria (and Korea if necessary)."³⁷ As for Korea, it was clarified that American amphibious landings "had not been contemplated and particularly not in the near future", and that "there were no additional assault ships which would permit a landing in Korea... (and) the possibility of an attack of Korea would have to be determined after the landings on Kyushu".³⁸ The U S A had planned an attack on Kyushu to commence around November 1, 1945. General Douglas MacArthur advanced an interesting reason why the Soviet forces should

be asked to engage the Japanese forces in Manchuria at "the earliest possible moment". He said he was convinced that the Soviets "would want all of Manchuria, Korea and possibly part of North China. This seizure of territory (by the Soviets) was inevitable; but the United States must insist that Russia pave her way by invading Manchuria at the earliest possible moment".³⁹ In short, seeing that its forces would suffer heavier losses in engaging the Japanese forces in Manchuria and Korea than in invading Kyushu, the U S A thought it best to ask the Soviets to take on the Japanese in Manchuria and Korea. It felt that "the impact of Russian entry on the hopeless Japanese may well be the decisive action levering them into capitulation".⁴⁰

If the U S A did not want to fight Japan in Manchuria and Korea, and if it did not want Korea to be independent in the sense of allowing the Koreans to shape their national destiny without outside interference, why did its forces arrive in Korea in September 1945? Furthermore, did the arrival of the U S forces in Korea, or did the policies pursued by the U S forces in 1945, amount to restoration of Korea's independence?

The Significance of the 38th Parallel

It is now a well-established fact that the U S A was instrumental in suggesting the division of the peninsula at the 38th parallel, ostensibly for the purpose of accepting the surrender of the Japanese forces located there. The Japanese forces stationed north of the 38th parallel were to surrender to the Soviet forces and those found south of the 38th parallel were to surrender to the American forces. The decision was taken during the night-long session of the State War Navy Co-ordinating Committee (SWNCC) on August 10-11, 1945, not during any of the war-time conferences. Harry S Truman approved of the decision on August 13, 1945 and subsequently communicated it to the British and Soviet governments.

Two points need to be stressed regarding the rationale behind the American moves in suggesting the 38th parallel as the dividing line for the creation of two zones. It is wrong to relate the division at the 38th parallel *only* to the acceptance of Japanese surrender. If the purpose was only the acceptance of surrender by the Japanese forces, the U S A could simply have asked the Soviet Union to carry out the task and complete the formalities throughout the peninsula. After all the Soviet Red Army had moved into the peninsula by the second week of August 1945 after successfully and swiftly engaging the much vaunted Kwantung Army in Manchuria. The U S A had wanted the Soviet Red Army to take on the Japanese forces in Manchuria and Korea for fear of heavy casualties and for logistic reasons. The Soviet Red Army had received the support of the contingents of the guerrilla forces belonging to the Korean People's Revolutionary Army and the Korean people. Furthermore, the U S forces were nowhere near the peninsula to be

able to move in rapidly. It, therefore, makes no sense to argue that Korea was divided at the 38th parallel for reasons of pure military expediency or in anticipation of a "vacuum" arising from the sudden collapse of the Japanese forces in Korea and Manchuria. In fact, Dean Rusk, who was one of the participants in the fateful meeting of the SWNCC on August, 10-11, 1945, has set forth the rationale behind the U S proposal. It would appear that John McCloy, the representative of the Army on the SWNCC, asked him along with Charles Bonesteel to "retire into an adjoining room and come up with a proposal which could harmonise the *political desire* to have the U S forces receive the surrender as far north as possible and obvious limitations on the ability of the U S forces to reach the area".⁴¹ Dean Rusk says that the 38th parallel was "further north than could be realistically reached...in the event of Soviet disagreement" and that, when the Soviets agreed to the U S proposal, he was "somewhat surprised".⁴² It would thus become clear that the USA wanted to "harmonize the political desire" to have its forces receive the surrender with the logistical difficulties it was encountering in moving its forces into Korea. We have already seen how, during the period from March 1943 to July 1945, the USA had argued that the Koreans did not deserve independence because they were unfit to govern themselves. Thus,

No sleight of hand can remove the decision on the 38th parallel from the continuum of American thinking on Korea since 1943. Although the decision was taken quickly and rashly in the harried days of mid-August, it was the logical outcome of past planning.⁴³

Furthermore, there was a purpose behind choosing the 38th parallel. Seoul, which was the traditional capital of Korea for centuries, the headquarters of the giant bureaucratic structure created by the Japanese, two-thirds of Korea's population, a good share of its industry, a substantial part of the agricultural capacity, etc, lay south of the 38th parallel. Thus the U S A, which, only a few days before, was unwilling to engage the Japanese forces in Korea and Manchuria and was against the independence of Korea, conceived of the proposal to create two zones, so that it might play a politico-ideological role in the developing situation in Korea in a decisive manner. It sought to ensure such a role for itself by its military presence and occupation.

During the three weeks that preceded the arrival of the U S forces, Korea witnessed several significant changes even as they were passing through "incandescent, intoxicating days".⁴⁴ The trauma of colonial rule and the sacrifice and struggle for national independence constituted a powerful historical experience which profoundly influenced the Korean people's perception of the world after the defeat and surrender of Japan. What the Koreans wanted to demonstrate to the world above all was that they not only desired to govern themselves but were also

capable of governing themselves but were also capable of governing themselves without outside interference. This explains why they showed tremendous enthusiasm about organising their political life almost from the day of their deliverance. They set up the Committee for the Promotion of Korean Independence (CPKI) as an apex body under the leadership of the veteran patriot Lyuh Woon-Hyung. Under the auspices of the CPKI no fewer than a hundred and fortyfive people's committees were formed throughout the peninsula by the end of August 1945. The people's committees announced a whole range of socio-economic programmes because the Koreans hoped that the end of the Japanese rule would mark a "new era in Korean history, a general social liberation" and that "a revolution would follow".⁴⁵ Thousands of political prisoners were released. They along with other political figures who had organised and led the struggle against the Japanese actively involved themselves in the activities of the people's committees.⁴⁶

The people's committees functioned as *de facto* politico-administrative organs pending formal and complete transfer of power and surrender of the Japanese forces. On September 6, 1945, the CPKI called a meeting of the national Assembly in Seoul in which approximately one thousand delegates representing a wide variety of groups and professions throughout the country participated. This Assembly proclaimed the establishment of the Korean People's Republic.⁴⁷ The Soviet forces which had successfully engaged the Japanese forces in Korea recognised the people's committees in the area north of the 38th parallel and turned over the administrative authority to them in August 25. Thus, in August-September 1945, the Korean people established a broad national *de facto* administration which had effective control over the whole peninsula.

Invasion of Korea in 1945

It was in this political situation that the U S forces under the command of General John Reed Hodge as the Commanding General of U S Armed Forces in Korea (USAFIK) arrived in Inchon on September, 8 1945. If the purpose of those forces was only to accept the surrender of the Japanese forces stationed in the area south of the 38th parallel, they would have left after the brief and formal surrender ceremonies were over on September 9, 1945. That it was not their main purpose became clear from the way they perceived the situation in Korea and their own self-assigned role much before their arrival. Proceeding from the strange view that the area south of the 38th parallel should be treated as an "occupation zone or enemy zone", not as a "liberated zone", they soon imposed their military government in Korea. It was a strange view because they refused to make any distinction between Japan, the imperialist-facist aggressor and coloniser, and the Korean people who were the victims of aggression and colonial occupation and who had heroically struggled for the restoration of their national independence. A few days before the arrival of

the U S forces, General Hodge instructed his officers that Korea was an enemy of the United States and therefore "subject to the provisions and the terms of surrender".⁴⁸ American occupation sources later reported that "government and its activities and attitudes were modelled upon the experience in enemy countries and on the usual instructions and training of an army in a hostile country".⁴⁹

Thus, instead of handing over the authority and power to the CPKI after the surrender ceremonies and viewing Korea as a liberated zone, General Hodge went to the incredible extent of announcing that the Government-General would continue to function with all of its Japanese and Korean personnel, including Governor-General Abe Nobuyuki. He haughtily and condescendingly told the Koreans: "By your conduct in the months ahead you can demonstrate to the democratic nations of the world and to me as their representative your capacities and abilities as a people and your readiness to accept an honoured place in the family of nations."⁵⁰

On September 12, 1945 Major-General Archibald V Arnold replaced Abe as Governor-General and the title of the administration was changed from Government-General to Military Government or, to furnish its full form, US Army Military Government in Korea (USAMGIK). The American Military Government refused to recognize the Korean People's Republic and outlawed the CPKI and the people's committees. On October 10, 1945 it was announced that the USAMGIK was "the only government in Korea south of the 38th parallel".⁵¹ General Hodge later told a UN Commission that in September 1945 "we came in and found communists actually ruling and controlling South Korea".⁵²

Thus the U S A in effect invaded Korea in September 1945 on the plea of accepting the surrender of the Japanese forces south of the 38th parallel. By militarily intervening and forcing a division of Korea, the U S A tried to abort Korea's liberation processes initiated by patriotic, democratic, pro-Socialist forces whose mass base, impeccable record of struggle and sacrifice, passion for radical social and economic transformation, and zealous commitment for national independence were beyond doubt. This was reflected in the emergence, appeal, and programmes of the CPKI, the people's committees, and the Korean People's Republic. The fact that needs to be stressed is precisely the fact that U S Military Occupation Government knew well and sought to counter, viz, that "the vast majority of the Korean people demonstrably desired not only immediate independence for a United Korea but also radical social and political policies".⁵²

American soldiers no doubt played a "crucial" role in Korea in 1945. However, this role had nothing to do with the "restoration of their (i. e, the Korean people's) ancient land's independence" as claimed by Reagan, but in robbing it of its independence by replacing one alien rule and language by another. The US Military Occupation Government continued until August 1948 in the area south of the 38th

parallel. The US military occupation of almost the same area, however, continues to this day because the overall command of all the forces in South Korea rests with the U S military command in Seoul. In the final analysis it is the U S military forces in South Korea that act as the guarantor and arbiter of the regime in Seoul. Indeed, in no other ex-colonial nation which had remained divided against the wishes of its people has the U S A been more continuously, deeply, and brazenly involved than it has been in Korea. The involvement began when General Hodge and his forces landed in Inchon on the fateful afternoon of September 8, 1945.

We have attempted to show Reagan's perception of U S-Korean relations since the Treaty of Chemulpo of 1882 and the American role in Korean history until 1945 is totally at variance with reality. It would, however, be naive to believe that Reagan and the world's most powerful imperialist forces whom he represents are ignorant of history or that there is no design behind the distortion. It is part of a calculated move to create a myth and to spread falsehood about the nature of American involvement and interference in Korea. The brazen involvement of the U S A in Korea and U S relations with its client regime in Seoul are sought to be idealised and glorified in several ways. They are represented as a model of "enduring partnership" sustained by the bonds of anti-Communism. And the "auspicious beginning" of "the enduring partnership" is traced to the Treaty of 1882 by distorting the history of U S-Korean relations and the American role in Korean history.

- 1 For the text of the Treaty, see *The Statutes at Large of the United States of America*, Washington, D C, 1885, pp 720-725. For a discussion of the Treaty, see John Chay, "The First-Three Decades of American-Korean Relations, 1820-1910: Reassessments and Reflections", in Kwak Tae-Hwan, *et al* (eds), *US-Korean Relations, 1882-1982*, Seoul, 1982, p 23.
- 2 *Korea Annual 1982*, Seoul, 1982, pp 378-379.
- 3 The aggressive activity of American armed vessels and naval expedition forces is dealt with in several books and articles. For example, see Chay, *op cit*, n 1, pp 17-18; Galina Tyagai, "Failure of US Armed Interventions in Korea", in *A History of US Armed Interventions*, vol. 1, Moscow, 1980, pp 113-118; Sohn Pow-Key *et al* (eds), *The History of Korea*, Seoul, 1970, pp 193-194; Shannon McGune, "American image of Korea in 1882: A Bibliographical Sketch", in Kwak, *et al*, *op cit*, n 1, pp 143-144.
- 4 Kenneth J Hogan, *American Gunboat Diplomacy and the Old Navy, 1877-1889*, Westport, Conn, 1972, p 10.
- 5 Americans obtained these concessions. See Chay, *op cit*, n 1, p 33. Galina Tyagai, *op cit*, n 3, p 112. The original Korea draft had a clause prohibiting missionary activities. Commodore Shufeldt objected to the inclusion of the clause, and the issue was dropped. Chay, *op cit*, n 1, p 22. The first American missionary arrived in September 1884. By 1910 there was a phenomenal increase in missionary activity. For details, see Young Il Shin, "American Protestant Missions to Korea and the Awakening of Political and Social Consciousness in the Koreans Between 1884 and 1941", in Kwak, *et al*, *op cit*, n 1 p 196.
- 6 H G Appenzeler, "The Opening of Korea: Admiral Shufeldt", *Korean Repository*, vol 1, 1982, p 62. (Cited by Harold Hak-Won Sunoo, *Korea: A Political History in Modern Times*, Columbia, Miss, n d, p 110).

- 7 The motives of Li Hung-Chang and his government in Americans concluding a treaty with Korea in 1882 are discussed in Chay, *op cit*, n 1, p 21.
- 8 For the text of the Taft-Katsura Memorandum, see Andrew C Nahm, "U S policy and the Japanese Annexation of Korea", in Kwak, *et al*, *op cit*, n 1, Appendix A, pp 51-53.
- 9 Cited in Chay, *op cit*, n 1, p 28.
- 10 Quoted in A Whitney Griswold, *The Far Eastern Policy of the United States*, New Haven, Conn, 1938, p 120 (Cited by Nahm, in Kwak *et al*, *op cit*, n 1, 41)
- 11 Hayashi Gousuka to Komura Jutaro, 13 March 1904. (Cited by Nahm, in Kwak *et al*, *Ibid*, n 1, p 40).
- 12 Nahm, however, argues: "It was a secret document for it was kept secret, but it was neither as secret bargain with a quid pro quo, nor was it an agreement in which the United States gave complete freedom of action to the Japanese in Korea", *Ibid*, p 38.
- 13 Kaneko Kentaro, "Nichiro Kowani Kanshi Beigoku ni Okevu yo no Katsudo ni tsuite" (Concerning my Activities in the United States during the Japanese-Russian Peace Negotiations), Confidential Japan (Ministry of Foreign Affairs, Research Division), First Section Special Edition, no 5, January 1939, p 53. Quoted in, *Ibid*, p 46.)
- 14 *Ibid*.
- 15 Homer B Hulbert, *The Passing of Korea*, New York, 1906, p 426. (Cited by Young Il Shin, *op cit* n 5, pp 212-213).
- 16 For an excellent exposition of this point and for an exhaustive and incisive analysis of the US policy towards Korean liberation, see Bruce Cummings, "American Policy towards Korean Liberation", in Frank Baldwin, (ed), *Without Parallel: The American-Korean Relationship since 1945*, New York, 1973, pp 48-53. Also see Bruce Cummings's seminal work, *The Origins of the Korea War: Liberation and the Emergence of Separate Regime, 1945-1947*, Princeton, N J, 1981, pp 101-129. For good studies on the nature and character of Japanese colonial rule, see Gregory Henderson, *Korea: The Politics of the vortex*, Cambridge, 1968, pp 72-112. Harold Hak-Won Sunoo, n 6 pp 255-295; and Wilfred Burchelt, "The Struggle for Korea's National Rights", *Journal of Contemporary Asia*, London, Vol 5, no 2 1975, p 226.
- 17 Cummings *op cit*, n 16, p 51.
- 18 Suh Dae-Sook, *The Korean Communist Movement, 1918-1948*, Princeton, N J, 1967, p-132.
- 19 A statement of fundamental principles for the post-war world was issued jointly by Roosevelt and Churchill after a series of meetings between 9 and 12 August 1941 aboard the US cruiser *Augsuta* and HMS *Prince of Wales* in Argentina Bay, Newfoundland. For the next, see US Department of State, *Cooperative War Effort*, Department of State Publications, Washington, D C, 1932, Executive Agreement series 236, 1942.
- 20 Cummings, *op cit*, n 16. pp 40-41.
- 21 *Ibid*.
- 22 How strongly Churchill reacted to the trusteeship proposal at the Yalta Conference can be seen in the following American account: "Under no circumstances, (Churchill) declared hotly, would he ever consent to the fumbling fingers of forty or fifty nations prying into the life's existence of the British Empire. As long as he was Prime Minister, he declared, he would never yield one scrap of Britain's heritage." Quoted in Edward R Stettinius, Jr, *Roosevelt and Russians: The Yalta Conference*, Walter Johnson, (ed), New York, 1949 p 236.
- 23 Anthony Eden, *Memoirs: The Reckoning*, Boston, Mass, 1965, p 593.
- 24 US Department of State, *In Quest of Peace and Security: Selected Documents of American Foreign Policy, 1941-1951*, Washington, D C 1951, p 10.
- 25 Cho Soon Sung, *Korea in World Politics, 1940-1950: An Evaluation of American Responsibility*, Berkeley, Calif, 1967, pp 17-18. Also see Cummings, *The Origins of the*

- Korean War*, n 16, p 107.
- 26 Hugh Heung-Woo Cynn *The Rebirth of Korea*, New York 1920, p 169. (Cited in Cummings, *op cit* n 16, p 90).
 - 27 *Star Exponent*, Los Angeles: Korea Society of Soldiers' and Sailors' Relatives and Friends, 1, no 2, 24 April 1943, 4: (Cited in Cummings, *The Origins of the Korean War*, n 16, p 106).
 - 28 Robert E Sherwood *Roosevelt and Hopkins: An Intimate History*, New York, 1948, P 777.
 - 29 "Korea: Occupation and Military Government: Composition of Forces, March 29, 1944 in US Department of States", *Foreign Relations of the United State*, 1944, 5, 1, 224-228. (Cited in Cummings, *The Origins of the Korean War*, n 16, p 114.)
 - 30 *Ibid*.
 - 31 U S Department of State, *Foreign Relations of the United States: Diplomatic Papers, Conferences at Malta and Yalta, 1945*, Washington, D C, 1945, p 359.
 - 32 *Ibid*, p 770.
 - 33 Harry S Truman, *Years of Trial and Hope*, New York, 1956, p 317.
 - 34 U S Department of State, Foreign Relations of the United States, *The Conference of Berlin, 1945*, Washington, D C, 1960, vol 1, p 313. Hereinafter referred to as *Potsdam Papers*.
 - 35 Cummings, "American Policy and Korean Liberation", n 16, p 45.
 - 36 *Ibid*, p 46.
 - 37 Joint Chiefs of Staff Memorandum, 18 June 1945, in *Potsdam Papers*, no 33, p 905. (Cited in Cummings, *The Origins of the Korean War*, n 16, p 117).
 - 38 *Potsdam Papers*, no 3 vol 2, pp 351-352. George C Marshall, Chief of Staff of the U S Army, clarified this in a meeting on July 24, 1945.
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 - 42 *Ibid*.
 - 43 Cummings, "American Policy and Korean Liberation", n 16, p 47.
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RAJEN HARSHE*

Africa: Trends in U S Imperialism

THE U S INVOLVEMENT in Africa in economic as also politico-military terms has been deepening steadily since 1970. A number of factors or combination of factors have been cumulatively responsible for this development. To begin with, the wave of anti-imperialist struggles in different parts of Africa rocked the traditional colonial structures of the metropolitan powers of Europe after the Second World War and formally dismantled the colonial empires. Between the late fifties and the mid-seventies, a majority of the African countries achieved independent statehood. The formal political independence of the new states and their emergence in the arena of world politics permitted the U S to establish direct rapport with them instead of seeking connections via any intermediary among its West European allies. Second, the relatively weaker position of its West European allies after decolonisation prompted the U S to put its best foot forward in integrating the continent of Africa within the world capitalist economy. Thus, US began to prop up pro-West regimes such as Zaire, Ivory Coast, Kenya, Sudan and Morocco, which welcomed free enterprise as a medium to promote developmental efforts. Third, the Soviet Union, one of the greatest rivals of Western capitalism, continued to widen its support in black Africa since 1960. Its persistent support to anti-imperialist and anti-racist crusades as also the African leaders' fascination for socialist models of development substantially contributed towards making the Soviet Union a force to be reckoned with in African affairs. The rise of Soviet backed movements such as the African National Congress (ANC) in South Africa, South West African People's Organisation (SWAPO) in Namibia and the Front for the Liberation of Saguia El Hamara and Rio de Oro (Polisario) in Western Sahara as well as the pro-Soviet regimes such as Ethiopia, Angola, Mozambique and Congo-Brazzaville threatened to frustrate the neo-colonial designs of the erstwhile European colonial powers on the one hand and to arrest the possible expansionary ventures of the U S on the other. Cuba, a Soviet ally, joined the Soviets in an endeavour to challenge the Western Powers and in consolidating the so-called socialist models in Angolá, Mozambique and Ethiopia.

* Reader, Department of Political Science, University of Hyderabad, Hyderabad.

The U.S. policies in Africa can be perceived more clearly, in the light of these three major developments. To put it tersely, if the U.S. along with its West European allies was keen to entertain a dominant-dependent equation with African partners, the very structure of this equation came under severe strain. Under these circumstances the U.S. has, inevitably, chosen to become a champion of *status quo* to protect the Western interests against anti-*status quo* African states and movements which have been backed by the Soviet Union, its East European allies, as well as Cuba. In the process, Africa has been getting transformed into a theatre of East-West rivalry. Any exercise in spelling out some of the trends in Afro-American relations would be meaningful with reference to a dialectical relationship between the East and the West. This article attempts to throw light on some of the major political manifestations of the U.S. imperialism in Africa in the context of East-West rivalry.

Parameters of Imperialism

Before proceeding further it would be essential to define the parameters of the term imperialism. Thanks to the enormous amount of Marxist and liberal writings, the term has been open to various interpretations. At least during this century ever since Hobson's major work on imperialism¹ appeared, the connotation of the term has been acquiring a wide variety of subtle nuances according to changing times and patterns of imperialism. It is certainly not within the scope of this paper to debate over the merits of the different schools of thought on imperialism. Nevertheless, an operational definition of imperialism would afford this article a workable premise to build a necessary framework in order to place the relevant facts. Such a premise, due to its very broad nature, may not prove adequate enough to receive all the major complexities and nuances of imperialism. One can venture to define the term imperialism only by keeping these limitations in mind. Broadly, a country can be called imperialist when it indulges in successful or unsuccessful attempts at political, territorial, economic and cultural aggrandisements.² Both direct and indirect methods to extend influence are enmeshed in such attempts. In the process, state or states which become victims of imperialist designs tend to lose ingredients of their sovereignty, partially or totally.

In the light of the above definition of imperialism it can be safely stated that the U.S. policies in global politics in general and towards Africa in particular have not been free from imperialist tendencies. Admittedly, the United States may not be the only imperialist power in the world but its policies certainly represent a particular brand of imperialism.

At the global level the main posture of the U.S. foreign policy, particularly since the post-Second World War phase, has been characterised

by an unrepentant urge on the part of the State Department to defend and promote capitalist system all over the world. The U S involvement in Africa stems from the same basic urge. However, while pursuing its objectives in Africa, the U S has to take cognizance of West European allies and their interests on two counts. First, apart from offering substantial aid to the West European countries through Marshall aid programme (1948) it has spread a very extensive network of commercial and trade ties with them. What is more, most of the West European countries are part of the North Atlantic Treaty Organisation (NATO) which has crowned the U S the most powerful member of the NATO, with a responsibility of safeguarding the interests of its allies. Thus by the sheer magnitude of involvement, the defence of West European capitalism is a central concern of the U S policies, while regions like Africa, which were colonised by its West European allies fall within the periphery of the American priorities.

Second, some of the West European countries, particularly France, are determined to promote neo-colonial policies in Africa even after the alleged decolonisation.³ Thus, theoretically, apart from extending its own sphere of influence in Africa, the U S is obliged to defend the interests of its European allies in Africa. There has, of course, been a clash of interests between the West European countries and the U S when the latter tried to penetrate in any traditional sphere of influence of an erstwhile metropolitan power. However, due to the persistent threat of the Soviets or the radical regimes and movements backed by the Cubans and the Soviets, such clashes have never escalated into acquiring alarming proportions. More often, they have been resolved, largely, in the long term interest of defending the global capitalist system and its expansionist ventures. It is quite evident from these two factors that any measurement of U S imperialism in Africa may not be possible by applying only quantifiable economic variables like the nature of U S investments, trade, aid and loans to the African countries. For, from the standpoint of a giant economy like the U S, such investments (private or public) or aid may appear marginal. That is why it would be necessary to study, in addition to the economic factors, the long term politico-strategic and military dimensions for portraying an integral picture of the U S-led imperialism. Even a cursory glance at American policies towards Africa raises a number of pertinent questions. For example, what have been the economic and politico-strategic factors that have set the overall Afro-American interdependence, however unequal it may be, on rails? What has been the U S attitude towards national liberation struggles in Africa? What are the compulsions which prompt the U S to adopt a soft line towards the system of apartheid in the racist Republic of South Africa? An attempt can be made to go into some of these questions by spelling out a few broad themes and trends in Afro-American relations.

Afro-American Relations: Themes and Outlines

The Afro-American relations in the past two decades can be placed in perspective by taking into account their economic and politico-strategic dimensions. Broadly, the economic interaction between the U S and the African states has been channelised through trade, investments and aid. The trade relations between the U S and the African states have been improving over the years. The U S has been importing precious raw materials such as cobalt from Zaire and Zambia, chromium from Zimbabwe, uranium from South Africa, Namibia and Niger, bauxite from Guinea, and industrial diamonds from Angola, Namibia, South Africa and Zaire.⁴

Africa's rich mineral resources have tempted and will continue to tempt the Western economies in general and the U S economy in particular because each of these minerals can add to their power potential. Especially, the uranium from South Africa has been heavily used by the U S to build its nuclear potentials. Furthermore, between 1960 and 1978, the U S investment in Africa (excluding the Republic of South Africa) had soared more than five times, to 3400 million dollars; by 1980 the level had reached roughly 6500 million dollars.⁵ In turn, the African countries import finished products and technology from the U S. The annual U S trade deficit with Africa as a whole at the start of the new decade was in the vicinity 40,000 million dollars.⁶ African states also require U S aid for the stabilisation and growth of their economies. The following excerpt from the speech of the U S Vice-President George Bush made in Nairobi in November 1982 gives a rough idea about the magnitude of the U S aid.

Our bilateral aid for all Africa now totals approximately \$ 800 million a year and extends to 46 countries throughout Africa. It encompasses a variety of programs, including fast-disbursing balance-of-payments supports, food aid and development assistance. Including the U S contribution to multilateral programs, our total economic aid to Sub-Saharan Africa is in excess of \$ 1.4 billion annually. Of the multilateral portion, the largest share by far—almost \$ 300 million per year—goes to the soft loan programs of the World Bank's International Development Assistance.⁷

Briefly, the Afro-American economic relations are non-competitive and complimentary. On the one hand, the African states with their enormous mineral wealth have been displaying immense potential to satisfy the greed of American capitalism for natural resources, while on the other, the American business houses have been busy in exploring new avenues to transfer technology, capture markets and widen the investment outlets for their capital among African states. What is more, even the so-called Afro-Marxist regimes of Angola and Mozambique have welcomed American finance capital. Partly, the political realities in Africa have proved conducive for the U S to advance its economic as

well as strategic interests. The political realities which have facilitated the U S involvement in different parts of Africa can be studied under four categories.

The first category includes states like Kenya, Ivory coast, Nigeria and Morocco which have welcomed American capital while launching developmental programmes. In fact, there are over 18 conservative pro-West regimes in Africa. Most of these regimes have been apprehensive of the destabilising radical pressures exerted by the Soviet Union and Cuba through their allies like Algeria, Ethiopia and Libya. In the process, the dependence of these conservative states on the West has been increasing. The French defence and security scheme for over 22 African states or progressive militarisation of some of these regimes with the support of Western arms offer evidence of such a dependence. This tilt towards the West has facilitated acceleration of U S involvement in practically all the important spheres of bilateral relations.

The second category includes unstable political systems. In fact, a majority of the political systems in Africa have been characterised by chronic political instability. In the African context, the Western democratic models have collapsed several times on account of their inappropriate or out of place transplant. As a result, African political systems have witnessed the emergence of single party regimes or military dictatorships. The regimes particularly plagued with military coups, display a wide variety in their range. States of small size, such as Dahomey, Benin, Togo, Congo-Brazzaville, some of the largest states as Nigeria, conservative regimes with patronage parties as Upper Volta, the Central African Republic, as well as regimes committed to social revolution as Ghana, Mali have all been swept by military coups. The wave of *coup d'etats* and the range of governments affected by them indicate that political instability was the expression of profound and generalised economic problems and social conflicts.⁸

Unstable political conditions emanating from rival warring factions jockeying for power tend to invite external powers to settle the crisis in domestic politics. The external powers, in turn, inevitably intervene in a crisis situation with the aim of bolstering their own interests and position. The U S is no exception to this. The Central Intelligence Agency (CIA) manoeuvred the rise of Mobutu Sese Seko to power during 1966 while the Congo (Zaire) was in turmoil.⁹ In addition to factors like the Congo's geographic location and rich mineral resources, the possibility of China and the Soviet Union extending their influence through leftist leaders weighed considerably in the U S calculations. While the political situation was in flux during 1960-1965 the pro-Chinese leaders like Pierre Mulele and Gaston Soumaliat established their control over the Eastern Congo and the Soviets supported the Lumumbist forces which were spread all over the Congo. By propping up Colonel Mobutu who enjoyed a reasonable degree of support within the army, C I A offered military solutions to political problems. It supported

Mobutu's military machine in suppressing the opposition radicals in Zaire. Such a policy also took care of curbing the possible Chinese or Soviet influence. Ever since Mobutu's rise to power, the U S imperialism has been utilising Zaire as a bastion of Western interests in Central Africa.

The third category of African political realities is, perhaps, even more fundamental than the first two, since it is concerned with the very nature of state in contemporary Africa. The state structures in most of Africa are fragile. Their fragility can partly be explained with reference to the composition of population in each state. Practically every state comprises diverse ethnic and religious groups with incompatible interests. These ethnic or religious identities more often cut across the state boundaries. For example, there are people of the Ewe ethnic group in Togo and Ghana or people of Somali origin are spread over Somalia, Ethiopia and Kenya, while countries like Chad, Nigeria and Sudan have a mixture of Muslim and Christian population. The incompatibility of the heterogeneous elements of the population within the state structures, which have been essentially carved out by colonial masters, has allowed civil wars and border disputes to become a recurrent feature in intra- and inter-state political processes of contemporary Africa. Such civil wars and border disputes leaves enough room for external powers to fish in troubled waters. For example a long drawn out civil war in Chad among the warring factions has offered African and non-African states an opportunity to conveniently support suitable factions which can promote their own cause.¹⁰ The U S and France have been backing the Chadian government under Hissene Habre. Among the African states, the Hissene Habre faction has been supported by most of the moderate Francophone states as well as states like Nigeria, Sudan and Egypt which are apprehensive of Libya's expansionist ambitions in the region. In contrast, Libya under Qaddafi has been backing a faction led by Goukouni Oueddide in its bid to topple the Habre regime. The Libyans have been getting Soviet support. On account of its strategic location and prospects of uranium deposits, a hold over Chad is crucial from the Western standpoint. Hence, France, U S A and moderate Arab and African states have been trying to legitimise the pro-West regime of Hissene Habre through the Organisation of African Unity (OAU).

Like civil wars, border disputes have also stimulated outside interference. The border dispute between Ethiopia and Somalia which has been centering around the American and the Soviet strategic interests in the horn of Africa is a case in point. The sea lanes in the horn, vital for trade between oil-producing countries and West Europe, like Indian Ocean to the Red Sea. Till 1976, U S A has been propping up Ethiopia against Somalia. It had established a communication base at Kagnaw, near Asmara, which was a central part of its global communication network. Apart from giving substantial economic assistance, the U S was training and offering military equipments to the Ethiopian army.

It had been backing Ethiopian claims over Eritrea and Ogaden. In contrast, the Somalians, particularly after the advent of the Socialist government of Siad Barre in 1969, had strengthened their ties with the Soviets in pursuit of liberating Ogaden from the Ethiopian clutches. However, the Carter administration (1976-1980) steadily withdrew its support to Ethiopia in view of its record regarding human rights and the overtly pro-Soviet stance adopted by Mengistu Haile Mariam, the leader of the Ethiopian Socialist Revolution, who had toppled the feudal regime of Emperor Haile Selassie in 1974. To counter balance the Soviet/Cuban presence in Ethiopia and South Yemen, the U S A decided to take advantage of the deteriorating relationship between the U S S R and Somalia in the aftermath of the Ogaden war of 1977 by supporting the latter against Ethiopia. The constant improvement in the bilateral ties between Somalia and the U S has been mutually profitable. While Somalia has acquired increasing U S military assistance—40.4 million dollars in 1982 and 55.5 million dollars in 1983—the U S has acquired an access to Berbera.¹¹

The conflict in the horn of Africa offers valuable insights into the strategic dimensions of the U S policies which are primarily determined by the activities of the Soviet Union. The U S is determined to get access to key straits and ports in the South Atlantic ocean, Indian ocean and the Mediterranean sea. For, it is only the defence of sea lanes that would guarantee the safety of European and American trade vessels. In search of getting a foothold to utilise port facilities, the U S entered into agreements in August 1980 with countries like Oman, Somalia, Egypt and Kenya by promising increasing economic and military aid.

Briefly, the African states by themselves or through continental organisations like O A U have often failed to resolve civil wars and border disputes. Instead, the contending parties have mobilised outside support to force a solution. The entry of major powers like the U S and the U S S R has only widened the dimension and magnitude of local conflicts.

The fourth category of political realities includes liberation struggles in general, which have often led to the involvement, moral or material, of external powers in Africa. Such liberation struggles, in turn, can be divided into two categories, namely, national liberation struggles and anti-racist struggles. The theme of liberation struggles would require a more elaborate treatment for two reasons. First, liberation struggles still represent a dominant trend in African politics. Admittedly during the past quarter of a century, most of the African states have achieved formal independence and yet factors like the apartheid system in South Africa or the blatant urge of imperialist countries of the West, including the U S, to reestablish their hold over new African states through satellite regimes have, to a large extent, left the process of liberation incomplete. Second, any analysis of the role

played by the U S towards these struggles will further unveil the complexities of the U S imperialism in Africa.

U S Role in National Liberation Struggles

In view of the wide spectrum of national liberation struggles in Africa, it would be rather difficult to evaluate critically the U S attitude towards these struggles in this short article. However, within this spectrum two liberation struggles, namely, those of Angola and Western Sahara can be taken up for analysis. The choice of these two struggles has been governed by three criteria. First, the Angolan struggle was a struggle which took place in the recent past (1975), while the struggle in Western Sahara is an on-going one. Their study would permit to ascertain whether there has been any continuity in the U S attitudes towards liberation struggles. Second, the U S involvement in Angola was significant and it has been indirectly, but substantially, involved in Western Sahara. Third, the U S policies in both these struggles have been challenged by the Soviet Union and its allies.

The U S role in Angola can be defined with reference to certain long term objective factors which had their role in moulding the State Department's vision of the developments in that country over the last two decades. First, Angola has been regarded as an immensely wealthy state. Due to its huge off-shore oil reserves, even the C I A had included Angola on its oil reserve chart.¹² Especially the Cabindan oil fields in an enclave of Angola have been of great significance, because the Western powers have been depending on oil resources of Cabinda. Following the hike in oil prices towards the end of 1973, the importance of Cabindan oil has increased in Western calculations. The U S, prior to Angolan independence (1975), was the largest consumer of Cabinda oil. Moreover, Cabinda-Gulf, a subsidiary of the American Gulf Oil, was the sole holder of the concession granted by the Portuguese. Besides oil, Angola has been a promising source of strategic minerals such as uranium, cobalt, chrome, phosphates and diamonds.

The second long term objective of the U S in Angola has been strategic. The U S has always aspired to secure a foothold on the South Atlantic, though the political conditions in Central and Southern Africa have made this objective difficult to realise. In Central Africa, Zaire has been a dependable U S ally but without any coastline. The Walvis Bay, in Namibia, could have offered a foothold on the Southern Atlantic. However, the fate of Namibia has been interlinked with the United Nations resolution to which the U S has been only one of the parties. In other words, without securing a foothold in Angolan ports like Luanda and Lobito it would be difficult for the U S to pursue its strategic objectives in the region. What is more, by 1973 the U S was heading the N A T O special group dedicated to building the South Atlantic Treaty Organisation (S A T O) involving countries of Latin America (Argentina, Brazil, Uruguay were seen as the most important), with a secret option

of a South African contribution, as well as direct participation of the N A T O Powers.¹²

The third U S long term objective has been political. Prior to Angolan independence the U S was apprehensive of the pro-Soviet radical leaders like Augustino Neto who were heading a multi-ethnic and multi-racial movement called the Popular Movement for the Liberation of Angola (M P L A). The possibility of M P L A capturing power in independent Angola owing to its wide base and sustained Soviet-Cuban support was also imminent. Under the circumstances Angola could have become a centre for promoting liberation struggles in the entire region which undoubtedly could have jeopardised the U S interests.

These three long term objectives have consistently influenced the U S policy towards Angola. As liberation movements began to spring up in Angola during the late 'fifties, U S A opted to side with Portugal—a N A T O ally—in order to delay the transfer of power to the "natives". However, when the Kennedy administration took over, the C I A selected to cultivate Holden Roberto, a moderate pro-West leader, with the hope that he would succeed in capturing power in independent Angola. Since 1962, Roberto has been on regular C I A pay rolls. He received a personal stipend of about 100,000 dollars a year mainly for keeping the Americans "informed" about what was going on in the Angolan resistance movement.¹³ Roberto's Front for National Liberation of Angola (F N L A) was operating in Northern Angola. Roberto was blatantly tribalist and he drew support from the Bakango tribal group which is spread over North Angola, Zaire and Gabon. The U S was also supporting the Union for Total Independence of Angola (U N I T A) led by Jonas Savimbi. Like the F N L A, U N I T A was also functioning merely on tribal basis. The Ovambundu tribal group which constitutes about 30 per cent of the Angolan population was supporting its activities. It was particularly strong in Southern Angola. Both the F N L A and the U N I T A could have defended the Western interests, had they captured power in independent Angola. That is why the U S was so keen on sabotaging an M P L A victory in the civil war.

With the military coup of 1974 in Lisbon the process of transfer of power gathered momentum in all the Portuguese colonies. As a result, Angola went through a phase of civil war between the warring fronts which aspired to head the Central government. U S A stepped up its support to the F N L A, while the Soviets began giving whole hearted support to the M P L A. The Moscow ideologists of the 1970s strongly endorsed the M P L A as a "revolutionary democratic party".¹⁴ Furthermore, about 20,000 Cuban troops also intervened on behalf of the M P L A to counter its adversaries. Factors like broad social base and moral and material support from progressive African and non-African forces, ultimately, led to the victory of M P L A in the civil war in a relatively short time in 1976. To a large extent the experience of the debacle in the Vietnam war prohibited the U S from getting into a

headlong confrontation with the forces backed by the Soviet Union and Cuba. The American reluctance to plunge into war whole-heartedly made it easy for the M P L A leadership to walk into the corridors of power and install a Marxist-Leninist regime in independent Angola.

It can be argued that by supporting two of the resistance movements during the Angolan civil war, the US had at least shown an inclination to see an independent Angola. However, the US attitude towards the liberation struggle in Western Sahara has been one of outright hostility. It has blatantly sided with the imperialist designs of Morocco over Western Sahara by challenging the authenticity of the Saharan Arab Democratic Republic (SADR) established under the Polisario in 1976. Even though 80 per cent of the Saharan territory is administered by the Polisario, King Hassan II of Morocco is determined to integrate Western Sahara with Morocco by 'suppressing the liberation struggle of the Polisario. In the process, he has acquired sophisticated arms from the U.S. The US is also nursing the sick Moroccan economy—thanks to the protracted war with the Polisario—with financial assistance.¹⁵

The US has its own reasons for supporting Morocco. First, it has been treating Morocco as a crucial link in its strategy towards North Africa and the Middle East. With cordial ties and base facilities in Morocco the US can look after Israel's security, Rapid Deployment Force in the Middle East, and the US bases in socialist Spain.¹⁶ Second, both Algeria and Libya have been entertaining cordial ties with the Soviets. Socialist and anti-imperialist leanings of their respective regimes also pose a threat to US interests in the region. Third, Algeria, Libya and the Soviet Union have been consistently supporting the Polisario front. With the merger of Morocco with Libya in September this year, the Libyan support may become lukewarm. Nevertheless the rise of the pro-Soviet government in Western Sahara would only add troubles to the US. Finally, the Soviets already have an access to South Atlantic through Angola and with the victory of the Polisario the Soviets may secure a foothold on the North West Atlantic. Such a situation could be disastrous for the US interests.

In view of these factors the US is determined to oppose the Polisario. The Reagan administration considers that the Polisario is only a political organisation and that SADR is not a viable state in the true sense of the term. Hence recognition of the SADR would violate the charter of the OAU as well as all the known practices of international law.¹⁷ However, the SADR has been recognised by a majority of OAU members. During 1982-83, the question of admission of SADR to the OAU was seriously threatening the very existence of the OAU. Morocco, backed by the US, succeeded in mobilising about 18 to 22 moderate pro-Western states which were ready to withhold recognition to the SADR, while the radical African states like Algeria, Angola, Ethiopia and Mozambique continued to mobilise the progressive forces in Africa and the world with Soviet support to accord the SADR *de jure* recognition.

Thus, regional, continental and global powers have been dragged over the years into the liberation struggle of Western Sahara. The U S, like other powers, has obviously been viewing the struggle with reference to its own interests. That is why despite its democratic pretensions, the U S found it desirable to prop up a decadent feudal regime of King Hassan in his imperialist bid to suppress an authentic mass liberation struggle. If this has been the account of the U S attitudes towards two national liberation struggles, it may not be difficult to place the U S vis-à-vis the anti-apartheid struggle in Southern Africa.

U S and the Question of Apartheid

The U S policy towards the racist Republic of South Africa, like the policies of other Western Powers, offers a glaring example of the gap between words and deeds. In theory, the U S stands for the abolition of racism and the oppressive system of apartheid that prevails in South Africa. However, in practice, its policies during the past two decades have probably left no stone unturned to prolong the life of the citadel of racism in Africa. It has also supported indirectly the ambitions of South Africa in Southern Africa.

South Africa, much against the world public opinion, has successfully institutionalised and legalised the racial inequalities since 1948 through the system of apartheid. To protect the domestic structure of apartheid South Africa launched bantustans and encouraged separate development of black Africans on ethnic lines. In its external policies, the racist regime initially sought to maintain a *cordon sanitaire* of buffer states across its frontiers governed by white minorities. The Portuguese rule in Angola and Mozambique, Ian Smith's rule in South Rhodesia and South Africa's control over Namibia had kept the apartheid system in South Africa in tact till the mid-seventies. However, the South African strategy of protecting apartheid domestically began to face serious challenges with the rising tide of nationalism in Southern Africa. After the independence of Angola, Mozambique (1975-76) and Zimbabwe (1980), South Africa has been forced to cope with the hostile radical regimes backed by the Soviets. Despite such a hostility, South Africa has continued its illegal occupation of Namibia. Most of the progressive forces in the world have rallied around S W A P O, A N C and the frontline states in their endeavour to uproot the white minority regimes in Namibia and South Africa, respectively.

South Africa has opted to meet the growing challenge of anti-racist movements in three ways. First, it has co-opted the Indian and the coloured population of South Africa, by instituting a tricameral legislature, in the decision making process within South Africa. Second, it has been launching tirades to destabilise the Afro-Marxist regimes through dissident groups such as U N I T A in Angola and the Movement for National Resistance (M N R) in Mozambique. Such efforts have been partly successful with the signing of a peace treaty between

Mozambique and South Africa this year. Third, it has relied on the support of the U S and other Western powers to deflect and dilute the militancy of opposition. The Western powers have proved to be dependable allies of South Africa in the U N and other forums. In fact President Reagan has launched the policy of "constructive engagement" in southern Africa which, in effect, attempts to offer a fresh lease of life to the system of apartheid. Growing American stakes in the region would largely explain a half-hearted commitment of most of the Western powers to the transition to majority rule. In fact, the U S-South African axis has been cemented by a number of objective factors which could be highlighted as follows.

First, the U S can ill afford to ignore the strategic location of South Africa. Cordial ties with South Africa can provide access to the Indian Ocean and South Atlantic. A sizable number of Western trade vessels pass via the Cape of Good Hope. The closure of Suez canal following the Arab-Israel war of 1967 had particularly brought into sharp focus the significance of the Cape route for the Western world. Moreover, South African ports have been offering major repair and logistic facilities to the American defence forces. Also the U S has built a military base in Diego Garcia in the Indian Ocean with sophisticated military equipments. With the Soviet intervention in Afghanistan and the fall of the Shah in Iran (1979), the U S S R is facing the Western powers with an increasing might in the politics of Indian Ocean. In other words, the alliance with countries like Somalia, Kenya and South Africa has become even more crucial for the U S and its allies after 1980.

Second, South Africa has been endowed with immense mineral resources such as uranium, platinum, cobalt, gold and manganese. U S and other Western countries have been importing these precious resources. The import of uranium from South Africa has substantially contributed to the nuclear potential of the Western powers. South Africa has been selling uranium to all the major Western countries by side-tracking the control of International Atomic Energy Agency (I A E A). The Republic of South Africa is the third largest supplier of uranium to the U S, while the U S continues to be among the first three of its trading partners.

Third, in economic terms, the U S involvement in South Africa has been deeper than in any other African country. South Africa has been a haven for U S investments because, unlike most other African states, it has been free from problems of political instability and chaos. Also due to factors like strict regulation of labour movements and abundant supply of cheap labour force, investments in South Africa yield exorbitant profits.

South Africa's mining and industrial economy has been virtually built with Western capital. In 1977 it was estimated that U S citizens owned a quarter of the top mining shares in South Africa.¹⁸ The U S

banks have advanced sizable loans to South Africa. Particularly in the aftermath of the economic crisis of 1973, Soweto uprisings and the defeat of South African invasion of Angola (1976), the bank loans assumed mammoth proportions.¹⁹ In 1979, South African debts to U S banks alone amounted to one billion dollars.

The role of American multinational companies (MNCs) in South Africa and Namibia deserves special attention. Over 400 U S MNCs, predominantly with long-term commitments are operating in South Africa. Their investments amount to 20 per cent of the total foreign long-term direct investments. About 13 U S multinational firms which are operating in South Africa also play an important role in the American economy. On an average, the profits repatriated by these firms are three times those of U S mining firms operating in the rest of Africa. These firms have also indulged in joint ventures with South African mining firms.

Thus, the flow of U S dollars into the South African economy plays a major role. On the one hand, they strengthen the influence and interests of U S-based multinationals in shaping the exploitative South African political economy and, on the other, contribute the capital, managerial skills and technology which South Africa requires to build its industrial base and expand its neo-colonial role in relation to its economically weak neighbours.²⁰ As in the case of South Africa, approximately 170 U S MNCs have been operating, directly or indirectly, in Namibia. The annual average rate of return on the original investment of some of these firms has been estimated at 347.79 per cent for every year during 1954-1974.²¹

Pervasive and growing U S stakes in South Africa have almost prohibited all the American governments from getting into a head long clash with the racist regime. American governments have been basically reformist and pleaded for reforms within the apartheid structure to contain black militants. Even the Carter administration, whose electoral pledge was the safeguard of human rights, was also reformist. However, it was a little more receptive to the strength of militant nationalism in the region than the Nixon administration. The U S A under Carter contributed, to a certain extent, towards the liberation of Zimbabwe through a negotiated settlement. Zimbabwe's independence has made South Africa more vulnerable, since pressure has been mounting in the U N to hasten the transition to majority rule in Namibia.

The U S and South African interests coincide on the question of Namibian independence. As a member of the Western contact group, the U S is involved in the U N efforts to lead Namibia to independence. However the Reagan administration has linked the question of Namibian independence to the withdrawal of Cuban troops from Angola. The posture adopted by the Reagan administration basically aims at undermining the Soviet-Cuban influence in Southern Africa. The Reagan administration has also been encouraging Jonas

Savimbi of U N I T A to topple the M P L A regime in Angola. Constant deadlocks in negotiations on Namibia, in turn, have been helping South Africa. The white regime is busy in propping up the dissident elements within SWAPO and the opposition parties within the frontline states. As long as the white rule appears invincible, the U S may tacitly side with Botha's regime and seek South Africa's cooperation to weaken Soviet influence in the region. In the process it will continue to obstruct the possibilities of applying economic sanctions against the racist regime in the international forums like the U N. In other words, Namibia's independence is going to be a rehearsal before the progressive forces in Africa and the world plunge into a long drawn out war to destroy the bastion of racism, sustained by the capitalist West, in South Africa.

Conclusion

U S imperialism, after decolonisation, has found enormous potentials to expand in Africa. Problems of economic underdevelopment, political instability, civil wars, border disputes and liberation struggles have left enough space for the U S to announce its presence in a significant manner on the overall African scene. Still, the political influence that the U S enjoys in Africa, excluding the Republic of South Africa, is much larger than warranted by its economic stakes. This can partly be attributed to the predominant position of the U S among the former colonial powers of Africa. While defending the neocolonial designs of West European allies and spreading its own wings, U S-led imperialism has to cope with irritants, viz, radical states and movements, which surface like a rash. The U S justifiably has been cynical about these irritations, since it perceives deep undercurrents of Soviet animosity and threat of Soviet expansion through them. In other words, if the U S is penetrating the African soil through its multinational firms, the Soviets are busy in arming their allies with radical ideology. The antagonistic relations between the U S and the U S S R which stand for conflicting alternatives will shape the postures of U S imperialism for some time in the African continent.

- 1 J A Hobson's work was originally published in London by George Allen and Unwin in 1902.
- 2 See Donald James Puchala, *International Politics Today*, Dodd, Mead and Company, New York, 1974, p 95.
- 3 For details, see Rajen Harshe, "French Neo-Colonialism in Sub-Saharan Africa", *India Quarterly*, V XXXVI No 2, April-June 1980, pp 159-178.
- 4 Guy Arnold, "African resources and the transnationals", *Africa Guide*, Essex, 1983, p 31.
- 5 Arthur Gavshon, *Crisis in Africa*, Penguin Books, Harmondsworth, 1981, p 164.
- 6 *Ibid.*
- 7 George Bush, "A New Partnership with Africa", *Africa Report*, Washington, Vol 28, No 1, January-February 1983, p 41.

- 8 Ruth First, "Political and Social Problems of Development", *Africa South of the Sahara*, Europa Publications, London, 1982, p 20.
- 9 See R Lemarchand, "The C I A in Africa", *The Journal of Modern African Studies*, Cambridge, Vol 14, No 3, 1975, pp 401-426.
- 10 For details see David S Yost, "French Policy in Chad and the Libyan Challenge", *Orbis*, A Journal of World Affairs, Vol 26, No 4, Winter 1983, pp 965-998.
- 11 Report on "Strategic Instability in the Horn", *Africa Guide*, Essex, 1983, pp 18-19.
- 12 Michael Wolfers and June Bergerol, *Angola in the Frontline*, Zed Press, London, 1983, p 2.
- 13 A Gavshon, *op cit* p 236.
- 14 I Hamilton, "Angola after Independence: Struggle for Supremacy", *Conflict Studies*, London, No 64, November 1975, pp 10-11.
- 15 John de St Jorre, "Africa: Crisis of Confidence", *Foreign Affairs*, New York, Vol 61, No 3, 1983, p 682.
- 16 *Ibid*,
- 17 *African Recorder*, New Delhi, Vol XXII, No 15, July 16-29, 1983, p 6236.
- 18 Lionel Cliffe, "Southern Africa and the West", *New African Year Book*, London, 1979, p 44.
- 19 *Ibid*, p 45.
- 20 Ann and Neva Seidman, *U S Multinationals in Southern Africa*, Tanzania Publishing House, Dar es Salam, 1977, p 78.
- 21 Allen D Cooper, "American Corporate Investments in Namibia", *Africa Today*, Denver, Colorado, Vol 30, No 1, 2, p 25.

ZOYA HASAN*

New Thrust of Imperialism in South Asia

THE ASSASSINATION of Mrs Indira Gandhi and its gruesome aftermath in Delhi and other parts of the country revealed quite sharply the disruptive potential of divisive forces in India. Whether the Punjab movement culminating in Mrs Gandhi's assassination is part of a well orchestrated campaign to destabilise India is debatable. These events however do underscore the erosion of political processes in the background of a growing social and political crisis which has encouraged the growth of divisive forces seeking to undermine national unity. The process of disunity has been accentuated by the basic weakness of the system and the ruling party which, due to its class outlook, is incapable of countering communal and revivalist forces. Many of these sectarian tensions present for the last three decades have in recent years crystallised into secessionist demands as happened in Assam and Punjab in the context of an intensification of imperialist activities around India. This has serious implications for India's stability and security because the process of increasing disunity is often marked by external support for secessionism and revivalism and exacerbation of imperialist pressures in the South Asian region. This paper examines the factors and processes which account for the growth in the overt and covert activities of imperialism and its implications for India, as well as the growing political and institutional crisis which engenders communal and separatist forces.

The ascendancy of the Reagan administration marked an intensification of the imperialist attempts for global hegemony manifested in the US strategy of confrontation with the Soviet Union at many levels. Addressing the British Parliament in June 1982, Reagan called upon the West to fight back by force and subversion the expansion of socialism.¹ He clearly stated that the security of "our countries is indivisible and must be approached on a global basis."² At the global level it was virtually an attempt at reshaping the overall strategy by building a coalition of imperialist powers including 'socialist' France and Japan to meet the so-called Soviet threat in Europe and the Third World. This shift in US policy sharply reversed the process of detente and directly resulted in the acceleration of the militarisation drive. A stark manifestation of this new militarism was the installation of the Pershing and Cruise missiles in Western Europe despite stiff opposition.

* Centre for Political Studies, Jawaharlal Nehru University, New Delhi.

U S policy makers insist that events in Afghanistan leading to the Soviet intervention reversed the process of detente. But this is nothing more than a rationalisation of imperialist policy. In fact a closer examination of events would indicate that the shift in U S policy occurred in 1978 which is much before the Soviet intervention in Afghanistan. The reasons for the aggressive posture of confrontation have to be located in the reverses suffered by the U S in the 1970s and the advance of socialism exemplified by the victory in Vietnam and Nicaragua. Unlike in the earlier period, the imperialist influence declined in the 1960s and 1970s with many Third World countries taking a relatively independent position on many economic and political issues. This undoubtedly weakened imperialism which was faced with the growing political independence of certain Third World countries on the one hand, and the existence and swelling of the ranks of Socialist countries, on the other.

It was this turnabout in the structure of global politics which the imperialist countries led by the U S sought to reverse through a policy of confrontation with the Soviet Union and increasing intervention in Third World countries. An indication of the impelling reasons for the shift in U S policy is given in a phrase used by Zbigniew Brzezinski, Carter's national security adviser, namely, "reversing the trend". In an interview to the *U S News and world Report* he said: "There's no doubt that between the late 60s and the mid-70s, the American diplomatic position in the world worsened in most regions, while the Soviet position was on the upswing. Now that trend is being reversed."³ This threat to U S hegemony was also noticed in the acquisition of greater military capability by the Soviet Union and, in the words of the *Newsweek* magazine, "its new ability to project military power to distant corners of the globe as the U S had done for decades."⁴ The possibility of strategic parity was seen as a further threat to the domination of capitalism in the Third World. Against this background the fall of the Shah of Iran and developments in Afghanistan in 1979 confirmed the decline of imperialist position. In response to the erosion in imperialists strength the U S quickly assembled the Rapid Deployment Force and made massive increases in military expenditure.

The new imperial doctrine, which was not interested in a mere strategic balance with the Soviet Union sought to reassert its world wide hegemony so as to safeguard Western interests in the Third World. In spite of persisting differences in the Western alliance on the possible advantages of destabilisation and the concomitant need for imperialist intervention, there is today a much greater threat posed by imperialism and much greater overt and covert imperialist pressures in Latin America and South and South West Asia. The increasing intervention in the Third World countries is sought to be justified by stressing the expansion of Soviet power and the increasing instability in the arc of crises⁵ stretching from Turkey through the Persian Gulf and Pakistan to the Horn of Africa, which threatens Western 'vital' interests in these countries.

Capitalist Crisis and New Militarism

The shift to an active policy of intervention directly resulted in a steady build up of American military power which can be used in conflicts in the Third World. This occurred against the background of a growing economic crisis of world capitalism on which a few words may be in order.

Most advanced capitalist countries since the 1970s experienced a decline in growth rates, an increase in unemployment and an acceleration in the rate of inflation. By 1980 the OECD countries experienced a 12 per cent annual rate of inflation, with Germany reaching 5.5 per cent and Japan 5 per cent rates of inflation.⁶ There was a revival of growth rates in some countries after nearly three consecutive years of recession in 1980-1982. But the much acclaimed recovery was not all that rapid and it did not spread evenly across all countries.⁷ The most significant economic improvement occurred in the U S and Japan while it was marginal in other European countries. Moreover, the recovery made no significant inroads into unemployment. In the United States unemployment declined from 12 million in January 1983 to 9 million in December 1983. But in other European countries unemployment increased by nearly one million over this period. All told, unemployment exceeded 30 million for the advanced capitalist countries, which meant that the total reduction in unemployment was not very substantial; at any rate it was still much larger than during the 1950s and 1960s.

Economic recovery, however feeble, in the Western countries was not accompanied by similar improvements in the developing countries. Infact their position worsened. The World Bank noted that in 1983, "the growth of the developing countries was slower than in any year since World WarII".⁸ In 1981 and 1982 the growth rates of countries in Latin America and Africa had already declined quite dramatically. In a sence, therefore the continuing economic crisis of developing countries stood in contrast to the economic recovery of the advanced capitalist countries which in a crucial sense was achieved at the expense of the Third World.⁹

During the years that the advanced capitalist countris were reeling under the impact of the crisis, their protectionism, recession and the consequent decline in primary porduct prices had combined to push a number of Third World countries into large scale debt. Several developing capitalist countries like S Korea, Brazil and Argentina went in for commercial loans while others, such as India and Jamaica, sought, in addition to World Bank loans, IMF credit under Stand-by Arrangements or Extended Facility with heavy conditionalities. As a result, the external debt of developing countries increased to a massive 766 billion dollars in 1982, and further to 810 billion dollars in 1983. The magnitude of debt promoted dependence upon IMF and World Bank

which compelled debtor countries to follow a policy of import liberalisation and a general opening up of the economies.

IMF of course had followed similar policies in the 1950s and 1960s, which had hampered industrialisation of Latin America and the Third World countries in general. What was new was that in the eighties dozens of Third World countries, which would otherwise have steered clear of the IMF, were forced into borrowing from the IMF and acceding to its demand for "structural readjustment" of their economies.¹⁰ Jamaica provides a good example of IMF interventionism. The opening up of the economy was followed by major attempts to instigate violence so as to destabilise the regime which culminated in the defeat of Michael Manley's government whose policies of wage increases and social justice were frowned upon by the international lending institutions.¹¹

The economic crisis of world capitalism was also a powerful factor behind the new and aggressively interventionist posture of imperialism. On the one hand; it necessitated greater penetration into Third World economies to seek new sources of energy and raw material and new markets for exports. For this there had to be a greater drive to control the economy of these countries; this was sought to be achieved through the imposition of IMF tutelage. On the other hand, the very popular discontent and social upheavals which the burdens of the crisis and IMF control engendered in the Third World could be contained only through overt and covert politico-military intervention.

Under Reagan the policy has acquired a clearly militarist dimension. The Reagan administration declared that detente and Carter's foreign policy had lowered America's prestige and weakened the U.S. The "loss" of Iran, Afghanistan and Nicaragua was attributed to the weak state of American military forces. Hence the accent of the new policy was on increased use of force and arms as political instruments of coercion, intimidation and determent in pursuit of the interests of U.S. and its allies. Thus the Reagan administration embarked upon a two fold policy which included raising military expenditure and war preparations, and greater pressures on the Third World governments which were not pliable to the U.S.

The deployment of American missiles in Europe dramatically escalated the nuclear arms race. The swelling in military expenditure, and the renewed arms race, is based on two premises. First, nuclear weapons were necessary to counteract the conventional Soviet superiority in Europe. This assumption persisted inspite of the fact that conventional balance as measured in quantitative ratios of men, tanks and aircrafts was in favour of NATO. Second, the American nuclear guarantee to Western Europe was not only necessary but had acquired a new dimension after the 1970s when the Soviet Union acquired a broad strategic parity with the U.S.A.¹² Not reconciled to parity, American nuclear policy shifted from nuclear determent to nuclear

war waging. In view of this shift it is not surprising that SALT talks were almost abandoned and, instead, the Americans virtually demanded unilateral disarmament from the Soviet Union. This posture stems from the belief that "in the event of a nuclear war the US must prevail and be able to force the Soviet Union to seek the earliest termination of hostilities on terms favourable to the US".¹³

Another manifestation of the militarist drive is the pronounced American Military presence in almost all the strategic regions, most noticeably in the Indian Ocean, the Persian Gulf, the Horn of Africa and Latin America. Large quantities of highly sophisticated arms have been supplied to Pakistan, Egypt, Saudi Arabia and Kenya. The militarist spurt in the capitalist world has forced most third world countries to augment their military expenditures. Western countries sold 70 billion dollars worth of arms to the Third World between 1977 and 1980 so that developing countries spent four times more on armaments than the aid received from foreign countries.¹⁴ Arms supplies have virtually replaced the earlier emphasis on economic assistance as the preferred instrument of control and coercion. Arms supplies have greatly boosted the war industry in US and Western Europe and have forced the Soviet Union to invest greater resources in armed preparedness.

An inevitable consequence of the pouring in of arms is an exacerbation of tensions accompanied by imperialist interventions in the Third World. Several studies confirm the trend towards greater intervention and militarisation. Istvan Kende in a comprehensive study of armed conflicts and military expenditure since 1945 points out that an overwhelming majority of conflicts have taken place in Third World countries, mostly in West Asia, Africa and South Asia, and of these conflicts 73.6 per cent of the interventions were made by imperialist countries while in 6.4 per cent of the conflicts the socialist countries were involved.¹⁵ Data for the last fifteen years indicate that with heightening tensions in the Third World there is an even more frequent imperialist presence in the Third World. This trend of intervention rose sharply with Reagan's tough approach to the Third World and his administration's opposition to the demands for a new international economic order. The interventions in Salvador and Nicaragua, and the interventions and invasion of Grenada are significant hall-marks of this new phase. In Salvador the military junta and reactionary forces were bolstered to fight the popular movement against repression. The democratically elected Sandinista government in Nicaragua is under considerable imperialist pressure from American sponsored 'contras' operating from Salvador and Honduras.

Stakes in West and South Asia

The second world war sharply accentuated inter-state and intra-state problems in West Asia and South Asia. The exacerbation of tensions is on account of a variety of factors; some are of indigenuos

origin, others are not germane to the immediate issues within the countries but are aggravated by the international environment and extraneous factors. Imperialist interests suffered a major setback from the fall of the Shah of Iran and the communist take-over of Afghanistan. To offset its losses the U S launched a major diplomatic and political offensive against the Soviet Union. It had a good deal at stake in the West-South Asia region.

The region is of great strategic importance because it contains more than two thirds of the world's exportable oil. Imperialist policy seeks to ensure its monopoly of access to Gulf oil by controlling the Straits of Hormuz through which much of the oil flows. To ensure this the U S warned that "an attempt by any outside force to gain control of the Persian Gulf region will be regarded as an assault on the vital interests of the U S. And such an assault will be repelled by any means necessary, including force."¹⁶

The U S still has uninhibited access to the Gulf and its interests in the area are fully served by Saudi Arabia and the Gulf countries; yet the US proceeded to maximise its military presence in the region through military agreements with several countries, most notably Saudi Arabia and Pakistan.

The U S has increased its military strength in the region by using events in the Horn of Africa, Iran, Iraq, the Gulf and Afghanistan to justify enhancement of forces, upgrading the Diego Garcia base into a nuclear powered naval establishment and along with it setting up the Central Command with its Zonal Command Head Quarters in Karachi to coordinate the Rapid Deployment Force. In justifying its presence the US has emphasised the importance of ensuring Western access to crude supplies from the Gulf, which are ostensibly threatened by the potential Soviet threat to the area, particularly after the Soviet presence in Afghanistan. Developments in Afghanistan might have accelerated its deployment, but the rationale underlying the Rapid Deployment Force is not by any means worked exclusively to the fact of Soviet presence in Afghanistan. This can be discerned from the Rand Corporation's study of military implications of a possible world order crisis in the 1980s, which says: "There is a non-negligible chance that the mankind is entering into a period of increased social instability and faces the possibility of a breakdown of global order as a result of sharpening confrontation between the Third World and the industrial democracies... If a harsh international environment were to develop in the 1980s additional military capabilities might be required, besides the forces directly dedicated to Soviet and other well understood contingencies."¹⁷

The other aim is to counter the Soviet Union which also maintains a regular presence in the Ocean since 1969. The northern part of the Indian Ocean is used by the U S to deploy strategic missile submarines against the U S S R.¹⁸ The British and French forces are closely co-ordinated with the U S in an effort to transform the Indian

Ocean region into an area of vital interest to the imperialist countries.

No doubt this perception has contributed greatly to the escalation of the arms race and competing military build up in the Indian Ocean.

Militarisation of the Indian Ocean runs counter to the U N proposal of 1981 to declare the Ocean a zone of peace. The Indian government has consistently opposed the militarisation of the Indian Ocean, and called for the elimination of military presence of non-littoral states from the area. The Soviet Union supports the elimination of military bases of non-littoral states and in fact believes that its own security from the southern side will be enhanced as a result of the creation of a zone of peace in the Indian Ocean.¹⁹

The U S is opposed to any concept of an Indian Ocean peace zone, which does not take into account the soviet intervention in Afghanistan and the threat of Soviet land and air forces. As a result of the U S intransigence, the U N sponsored conference on Indian Ocean was repeatedly postponed and is yet to be held. The U S unilaterally broke off talks with the Soviet Union because it is bent upon increasing its military presence in the region which threatens the independence and territorial integrity of the states of the region.

Since 1979, the U S has concentrated its naval forces in the region. It has more naval forces in the Indian Ocean than the Soviet Union has. In April 1981, it had 17 combat ships, including a carrier in the region.²⁰ At the same time, the U S established the R D F consisting of nearly 300,000 troops designed to be rapidly deployed in the Gulf and Indian Ocean. The R D F can be deployed in less than 48 hours and a brigade strength in less than a week. To operate the R D F, the U S has signed agreements to use facilities and bases in Diego Garcia, Egypt, Oman, S Arabia and Kenya and has sought bases in Pakistan, Sri Lanka and Bangladesh. The Rapid Deployment Force is dedicated to intervention in the developing countries. It is intended to intervene in regional conflicts to safeguard U S national interests in the region, especially in countries that come under the so-called U S 'area of concern'.

Arming of Pakistan

In addition to the militarisation of the Indian Ocean the arming of Pakistan is a major component of the U S strategy in South Asia. In the past the U S took advantage of the traditionally adverse relations between India and Pakistan to promote Pakistan as a counterweight to India. But in the period of the Second Cold War with the collapse of Iran and the change in Afghanistan, Pakistan acquired a greater salience in US strategic calculations in the region. Pakistan in the U S perception assumed a frontline status²¹ with its military government showing a willingness to act as a surrogate in the U S strategy of retaliation against the Soviet Union. Its strategic location and Islamic orientation were used by the U S for extending clandestine

support to Afghan rebels and in the process mounting a severe diplomatic and political offensive against the Soviet intervention in Afghanistan. In short, Pakistan is playing a crucial role in American efforts to influence developments in Iran, Afghanistan and India. In this context the U S-Pakistan effort to build a 'strategic consensus' jeopardised the security environment of the subcontinent. In return for serving the U S interests, the Pakistani military regime was supplied a 3.2 billion dollar economic and military aid package in 1981.²² With that Pakistan's military regime has embarked upon an ambitious programme of modernisation of weaponry and armed forces. The induction of arms, including F-16 planes, Harpoon missiles, Hawk eye radar surveillance aircraft and the latest battlefield and maritime reconnaissance aircraft from the U S has clearly altered the military equation between India and Pakistan and vitiated the political environment in the subcontinent by heightening imperialist pressures on India.

Thrust Against India

The importance of India in the context of the U S global strategy can be hardly overemphasised. India is one of the major developing countries and a substantial regional power in the South and South-West Asia region, and above all the Chairperson of the non-aligned movement. In contrast to other regimes in South Asia, India does not share the U S perception of its vital interests in the region and therefore on several issues of foreign policy, India's position does not conform to the demands of U S global strategy.²³ Broadly, these include the orientation and direction of the Non-aligned movement, regional peace and stability in South Asia, declaration of Indian Ocean as a Zone of Peace, opposition to foreign domination, racism and military alliances. On the issue of arming Pakistan and the supply of fuel to Tarapur the Indian government has most sharply criticised the U S.

Apart from arms supplies, on many other important issues the Indian government did not endorse the U S policy. India's close relations with the Soviet Union, recognition of Kampuchea, support to Vietnam and consistent opposition to Israeli aggression show that India has followed a relatively autonomous policy in conformity with its non-aligned status and its conception of national interest. Similarly, on Afghanistan India did not join the anti-Soviet tirade launched by the U S. While disapproving of foreign intervention, the Indian position stated that the Soviet intervention should not be considered in isolation. It called attention "to the much older intervention, though not exactly of the same nature by other Powers opposed to the Soviet Union, and emphasised that if the Afghan crisis had to be satisfactorily resolved, both the interventions would have to be ended and not just one".²⁴ Subsequently the Indian government was at pains to remove the impression that it endorses the Soviet intervention. But these assurances did not erase the impression of a pro-Soviet tilt.

Many of these differences sharpened after India was called upon to lead the non-aligned movement on account of Iraq's inability to hold the meeting in Baghdad. The Seventh Summit in New Delhi was convened at a time when the international situation was deteriorating as a result of the policies pursued by the U S to regain world domination. Consequently, the U S feared that under India's leadership the non-aligned movement at this crucial juncture was likely to continue the anti-American posture. Attempts were made to break the unity of the movement by mobilising pro-Western governments to force divisions on contentious issues like the representation of the Kampuchean governments and the withdrawal of Soviet troops from Afghanistan. Basically the detractors of the movement tried to exploit the heterogeneous membership of the movement which ranges from democracies to military dictatorships linked with international capitalism. But inspite of this, the unity of the movement was preserved under India's moderating leadership. Not only that, but ultimately the Political Declaration condemned U S imperialism. The Political Declaration maintained that "the movement adhered to its policy of struggle against imperialism, colonialism, neo-colonialism, apartheid and racism, including Zionism and all forms of foreign aggression, occupation, domination and interference or hegemony as well as against great power and bloc policies tending to perpetuate the division of the world into blocs".²⁵

These differences in understanding with the US, however, did not always flow from a policy of consistent opposition to imperialism. India's position basically stems from a refusal to accept American political hegemony. Because the policy is not always anti-imperialist, it often tends to compromise with and accommodate the U S. For example, initially the Government of India rejected the U S proposal for the supply of fuel to the Tarapur plant by a third party. Subsequently this stand was reversed and India agreed to buy fuel from France which in a way abrogated India's independence. The ambivalence is most clearly discernible in the equation of "two superpowers" in connection with the Indian Ocean.

It is not surprising therefore that the Indian government agreed to the omission of Diego Garcia from the statement of the Non-aligned Foreign Ministers Conference in 1981. Similar compulsions prevailed in the drafting of the Seventh Summit Declaration which did not demand the dismantling of the U S base in Diego Garcia. Owing to U S pressure, the Diego Garcia issue was downgraded to the mere question of restoration of Mauritian sovereignty on the Chago archipelago.

This ambivalence is an outcome of the dual tendencies of confrontation and compromise with imperialism. The anti-imperialism of the government is diluted by its own class character which does not permit full-fledged confrontation on account of the considerable dependence of the Indian economy on the Western world. From the

very beginning, capitalist development in India has been based upon reliance on Western "aid" and collaboration with multinational corporations. In the context of the world capitalist crisis, this reliance has greatly increased. In addition to the World Bank and the multinational corporations, International Monetary Fund and the multinational banks have entered the Indian scene, and a policy of "economic liberalisation" is under way. Liberalisation of economic controls and concessions to multinationals by compromising self-reliance enables greater economic penetration of imperialism. Given the economic reality, which in turn derives from the class configuration in society, the government can hardly be expected to take a position of forthright opposition to imperialism.

In spite of these vacillations and compromises, however, it is a fact that unlike other states in the region, the Government of India is not politically compliant and submissive to the U.S. Not surprisingly, the U.S. finds the Indian government an inconvenient obstacle in its strategic plans and efforts at mounting a political campaign against the Soviet Union. U.S. policy makers and political analysts believe that the pro-Soviet "tilt" introduced by Jawaharlal Nehru and sustained by Indira Gandhi is responsible for the diminished U.S. influence in India. But it is not a matter of personalities alone; the same configuration of class interest which objectively leads to growing economic compromises with imperialism, also militates against any total surrender to it. It is not easy for imperialism to "take over" India as it has done with many other states. But India could be neutralised by bolstering a hostile Pakistan, by surrounding India with hostile regions and by exploiting communal and other backward ideologies.

Increased imperialist activities in the South Asian region, evident in the militarisation of the Indian Ocean and the propping up of Pakistan exacerbated tensions and intensified pressures on India. India's security is directly affected by the military build up in the region.²⁶ But in another profoundly important way imperialist perceptions and designs impinge upon stability and national integrity. This repercussion is noticeable in the attempts at destabilisation by overt and covert external support to divisive and separatist movements involving inter-communal, inter-regional, inter-ethnic conflicts.

In the last few years imperialist agencies and forces have tried to influence the course of development through a variety of tactics and instruments at various levels. Within the country overt and covert means have been harnessed to build political alternatives. An overt structure of support has been created by guiding and funding a network of voluntary agencies and action groups dedicated to work among the rural poor, tribals, women and unorganised labour.²⁷ In the beginning much of the voluntary activity was concentrated on developmental projects—rural development, community development, employment generation, slum clearance, improvement of living conditions etc; then in the second phase the organisational work shifted to ideological

education and mobilisation aimed at creation of an alternative to the organised Left. The stress on the need to organise and educate the 'absolute poor' can be noticed from the objectives of the funding agencies. For instance, the West Germany based Action for World Solidarity clearly sets out its objective as "supporting rural development programmes and non-formal education and adult education which create awareness among the masses and equip them with knowledge and power to work for their liberation from exploitative forces". The major aim of such an ideological intervention is to create a radical grass roots alternative to the Left parties which are condemned for their preoccupation with capture of state power. Several church organisations, radical christian groups and non-church bodies such as Lokayan and Association of Voluntary Agencies for Rural Development are engaged in activities ranging from education, training, developmental work and finally intervention in political spheres to transform society along non-Communist lines. A large number of these voluntary agencies and action groups, which together receive funds exceeding Rs 2000 million annually from governments and foundations in Western capitalist countries, have become important conduits for imperialist penetration.

Encouraging Secessionism

Besides ideological and developmental work, imperialist organs have directly and indirectly helped separatist and secessionist movements in the North East and North West of India. The Assam agitation which began with the issue of detecting and deporting "foreigners" was basically directed against linguistic and religious minorities and threatened to become a secessionist movement which was evident from its close links with secessionist groups in the neighbouring hill states of north eastern India. Secession was probably not the intention of AASU and AAGSP, but they allowed the movement to drift in that direction and in the process boosted separatist forces interested in the destabilisation of the North East. The persistence of backwardness and underdevelopment of Assam and a genuine feeling of neglect accentuated by the concentration of power in the hands of the Centre contributed to the growth of regional and chauvinist feelings in the state. Unemployment and caste and communal feelings were exploited by vested interests to rouse regionalist sentiment and passions against outsiders who were blamed for grabbing jobs.

The prevalence of social tension and intergroup hostility provided ideal conditions for fostering destabilisation and the advocacy of an independent state. The widely known Himalayan Border Studies Project and more recently Project Brahmaputra financed by the CIA were designed to study ethnic tensions and identify and encourage separatist elements in West Bengal, Assam and Tripura.²⁸ The aim of the Project Brahmaputra "is to throw light on public opinion in these regions to establish in what measure the status of these states remains acceptable or whether

there are indications that the formation of a new state is a current problem".²⁹ The purpose was to evaluate the political situation and decide on the best ways of enhancing American influence and interest in the region. For this purpose data were collected on migration and ethnic problems to establish that the colossal migration from Bangladesh to Assam had disturbed the economy and the ethnic and communal balance in the region. Commenting on the problem of migration, a leading American political scientist noted that "if the present policies in respect of migration are not discontinued, there are likely to be far reaching consequences for the pace and distribution of development, the pattern of social and spatial mobility, the relationship between governmental units and above all, for the kinds of identities and loyalties that Indians choose". It is not at all surprising that much of this research concluded that single citizenship cannot meet the demands of ethnic groups.

The events in Punjab are well known and need not be recounted in detail. However, to understand the growth of separatism and how it is encouraged by external support, it is necessary to identify a complex set of factors responsible for the rise, of divisive tendencies. The Congress government's policy of drift and excessive reliance on administrative measures was largely responsible for the aggravation of the Punjab situation and the alienation of the Sikh community. The Government was reluctant to enter into a political settlement with its electoral rival, the Akali Dal, and hence did not concede the democratic demands of the Punjab articulated by the Akali Dal, such as inclusion of Chandigarh in Punjab, distribution of river waters and setting up of a commission to go into the territorial claims and counter-claims of Punjab and Haryana. It was the delay in settlement and prevarication of the ruling party which in the final analysis encouraged extremists to revive the separatist slogan of the Anandpur Sahib resolution. Meanwhile the Akalis did not unambiguously condemn the separatists; in fact sections of the Akalis hobnobbed with the extremists and, as a result, could not expose Bhindranwale's fanaticism and advocacy of Khalistan. The loss of control over the agitation by the Akali Dal and the escalation in violence due to the government's inability to maintain law and order intensified Hindu-Sikh polarisation. Under extremist influence, the democratic demands of the agitation receded to the background and religious and basically separatist demands came to the fore. The growing communal polarisation and alienation of the Sikhs were further boosted by the Army Action to eliminate extremists from the Golden Temple and this in turn was exploited by divisive forces to promote separatism within Punjab.

The ideological impetus and the financial support for a separate Sikh state was provided by certain affluent members of the Sikh community in foreign countries.³⁰ The major organisations advocating Khalistan are the National Council of Khalistan, Dal Khalsa, Babbar

Khalsa, and Akhand Kerlani Jatha, operating in U K, West Germany, Canada and U S A. Jagjit Singh Chauhan and Dhillon have closely coordinated the campaign and canvassed support in Western countries.

It is not possible to establish exactly whether these organisations have active support and patronage from influential circles in Western countries. But in the case of some leaders, it is known that they have established contacts with U S Congressmen. For instance, Sikh extremists forged ties with the Right-wing Senator Jesse Helms, who has close links with C I A and with D Graham, former chief of Defence Intelligence Agency.³¹ Their support for Sikh separatism is quite consistent with their reactionary position which includes supporting counter-insurgency in Latin America as well as Star War defence programmes. Supporting Sikh separatism is considered an element in the anti-communist crusade. In fact, in pamphlets published in the U S, the spurious leaders of Khalistan tried to impress on their receptive audience that there is an anti-Soviet and anti-communist crusade on the subcontinent.³² An independent Sikh state friendly to Pakistan would be the best guardian of U S interests in the region against Soviet communism and hostile India in the South. Most Western governments did not discourage the anti-Indian activities. Until recently the B B C allowed Chauhan to use its broadcasting network for publicising the Khalistan cause and announcing murderous threats against Indian government leaders.

The forces of disunity are no doubt emboldened by external support, but such support can only act as an instigating factor; the actual basis is provided by the existence of caste and communal consciousness and the government's political ineptitude in handling the growing social, political and communal strife which is undermining the political stability and unity of India. While the Congress Government expresses concern at the external threat to national unity it has not waged a concerted political battle against disruptive forces; the other bourgeois opposition parties completely underplay the external support to divisive and separatist forces, and the link they have with imperialist interests.

The compromise with religious and semi-feudal ideologies creates the basic condition in which such forces can thrive; and imperialism encourages them in its own interests. The concept of secularism in India has never gone beyond paying homage to all religions and extending reservations in jobs. Therefore, it is not surprising that Congress policies failed to overcome the backward consciousness, even as they failed to expedite economic development. The ruling party has not built mass support for national unity on a secular basis; instead it has treated the problem as a law and order question to be tackled by increasing deployment of army and curtailment of democratic rights. This kind of response has eroded the authority of the civil government and impaired its capacity to combat divisive forces; it has created conditions which enable reactionary elements to exploit some genuine grievances by using obscurantist ideologies.

- 1 Quoted in Harkishan Singh Surjeet, "The international Situation", *The Marxist*, Oct-Dec 1983.
- 2 *Ibid.*
- 3 Interview quoted in Rasheeduddin Khan, "Fallout on India: U S-Pakistan-China Axis", *World Focus*, August 1983.
- 4 Report cited in Bhabani Sen Gupta, "Third World: U S Role Unfriendly", *World Focus*, August 1983.
- 5 Referring to these countries which America regarded as its area of concern; Brzezinski defined the area of crises as "a number of countries that have different internal causes of instability but cumulatively are facing widespread regional imbalances".
- 6 Prabhat Patnaik, "On Economic Crisis of World Capitalism", *Social Scientist*, May 1982.
- 7 Kartik Rai, "On Economic Recovery in Capitalist World", *The Marxist*, January-March, 1984, pp 80-82.
- 8 *Ibid.*
- 9 *Ibid.*
- 10 Amiya Bagchi, "The ideology behind the maximum conditionality demand by the IMF and its implications", *The IMF Loan: Fact and Issues*, Government of West Bengal, November 1981.
- 11 For a detailed discussion of the Jamaican experience, see N K Chandra, "IMF and the Third World", *Ibid.*
- 12 C Raja Mohan, "Waiting for the Nuclear Winter: Breakdown of Nuclear Arms Control", *Social Scientist*, January 1984.
- 13 *Ibid.*
- 14 Bhabani Sen Gupta, *op cit.*
- 15 Istvan Kende, "Dynamics of Wars, of Arms Trade and of Military Expenditure in the Third World, 1945-1976", *Instant Research on Peace and Violence*, Vol VII, 1977, pp 60-61.
- 16 Jimmy Carter, speech quoted in *American Backgrounder*, USICA, January 24, 1980.
- 17 Report cited in K Subrahmanyam, "Regional Conflicts and Their Linkage to Strategic Confrontation", *Strategic Analysis*, July 1984, p 374.
- 18 Note, External Affairs Ministry, August 1980:
- 19 Ministry of External Affairs, *Note on Indian Ocean*, August, 1980.
- 20 Zalmay Khallzad, "The Strategic Significance of South Asia", *Current History*, May 1982, p 229.
- 21 Fred Greene, "The United States and Asia in 1981", *Asian Survey*, January, 1982.
- 22 R G Sawhney, "Pakistan's Military Capability", *Strategic Analysis*, October 1984, pp 607-608.
- 23 For a discussion of the basic divergence between U S interests and India, see Rasheeduddin Khan, "India and the Soviet Union: The Global Context and the Theoretical Framework," (Unpublished), pp 12-14.
- 24 Bimal Prasad, "India and the Afghan Crisis", *International Studies*, October-December 1980, p 640.
- 25 Seventh Non-Aligned Summit, Political Declaration, Press Information Bureau, Government of India, New Delhi, 1983, p 6.
- 26 See Subramanyam, "India's Security: Present and Future", *Strategic Analysis*, October 1984.
- 27 The discussion on the role of voluntary organisations is based on Prakash Karat, "Action Groups/Voluntary Organisations: A Factor in Imperialist Strategy", *The Marxist*, April-June, 1984.

- 28 P Ramamurti, "Real Face of the Assam Agitation", Communist Party of India (Marxist), p 8.
- 29 Quoted in P Rammurti, *Ibid*, p 9.
- 30 See, Government of India, *White Paper on Punjab- Agitation*, New Delhi, July 10, 1984.
- 31 Information given in *India Today*, December 15, 1984.
- 32 *Ibid*.

NOTES

The U S and Us

"I NEVER THOUGHT we could make peace with the system; because it was not for the sake of an object we pursued in rivalry with each other, but with the system itself that we were at war. As I understood the matter, we were at war not with its conduct but with its existence; convinced that its existence and its hostility were the same."

This statement could very well be a description of the American involvement in Vietnam or earlier in China. But it is not. That was Edmund Burke talking about the British policies during the French Revolution.¹ If it sounds so contemporary it is because of the hostility to a 'system' which so dominates the Western perspective on world order. All their analysis is in power terms. All their activity which that analysis seeks to explain is firmly based on and rooted in the hostility of systems, i.e., the irreconcilable hostility between the socialist system and the imperialist system. The "ideological" is at a considerable discount in contemporary international political analysis but certainly not in contemporary international politics, mainly because in the wild-West view of the global order that the U S has, the existence of a socialist system, to borrow Burke's language, is its hostility. Logically therefore destruction of the socialist system would be the last guarantee of the security of world capitalism. Much of what the United States has done in world politics over the last four decades can be fully understood only if Burke's reference to the then dominant identification of existence with hostility between the systems is kept in view.

The extraordinarily "ideological" view that U S policy makers have taken of the world is thus central to the understanding of contemporary world politics particularly since the end of the Second World War. The aftermath of the Second World War has seen the high tide of decolonisation and at least of formal independence of most of Asia and Africa. These countries or their new leaderships have been caught in the American crusade, which it was not always possible for them to make clear sense of. The crusade against the socialist system has got them involved in a grim struggle of self-preservation against the increasing U S diktats on what a "free" or a "democratic" system should be and should look like. Hostility to the socialist states has been one aspect of U S foreign policy. But no less important has been what

the U S has done to several non-socialist systems around the world. Governments have been overthrown. Leaders have been shot. Economies have been taken over. Hapless and hopeless, these societies have been caught in debt-traps. How all this contributes towards the fight against "socialism" is not quite clear. If anything, it has made revolution and socialism inevitable. From China in 1949 to Vietnam in 1975 it has been a story of the resounding defeat of U S strategy and foreign policy. In the words of Raymond Aron, written no doubt unhappily, "in the twenty years since the explosions of Hiroshima and Nagasaki, the machine guns of guerrillas have changed the map of the world much more than tanks or atom bombs".² In short it is not the advanced technological man from the Atlantic area who has determined the fate of the world, but rather the underdeveloped, starving man of Asia and Africa who has. The situation is no different nearly ten years after the war in Vietnam. If the Americans are regarded as enemies in Moscow it would scarcely be a surprise. But that there are large groups of people in Asia and Africa who would and do regard them to be enemies, requires an explanation which goes beyond the propaganda about the "commies". The late prof Aron thought that the guerrillas "won nearly everywhere because the 'imperialists', morally and materially weakened by World War II, no longer believed in their mission and because Empire becomes too costly when it entails economic obligation toward conquered peoples".³ This is how the world looks like from the Atlantic area. The "imperialists" never really gave up their mission. Nor, for that matter, did they feel any obligation towards conquered peoples. Through neo-colonialism they sought to win back the world. In the process they lost some.

It is not the purpose of this paper to trace the history of that loss. Nor is it to examine whether and to what extent economic dominance was achieved by "the imperialists" over the past few decades. It is only to look at some developments relating to our subcontinent which is in a sense more than what Toynbee called the "intelligible field" that "makes up a whole civilisation".⁴

South Asian People as Cannon Fodder.

When it comes to South Asia it is obvious that it is in terms of the number of nation-states, a very small region. Altogether it consists of just six states: Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and us. A small world indeed. Yet in its existence as a group of nation-states, it has seen quite a dramatic series of developments. Take for instance the liquidation of political leaders. Working back from Mrs Indira Gandhi's assassination on October 31, 1984, we would see that two leaders in Bangladesh (Sheikh Mujeeb and Zia-ur-Rehman), one in Sri Lanka (Solomon Bandaranayake), two in Pakistan (Liaquat Ali Khan and Zulfikar Ali Bhutto) have been liquidated, giving us six assassinations in these six countries. Now, it would be far-fetched to

suggest that the U S actually organised and executed these liquidations. At any rate there is no evidence to prove that in any conclusive manner. What one can argue, however, is that in at least five cases out of the six mentioned above, i.e., with the possible exception of Zia-ur-Rehman, the leaders concerned had an ambivalent attitude toward the United States. None of them was anti-American, none of them indulged in "anti-imperialist" rhetoric. If anything, they were cautious about the United States and not unfriendly to the Soviet Union. In other words, they did not belong to the "Marxist" or even the "socialist oriented" category. Yet they were liquidated. The Western inspiration and possibly even assistance in case of Mrs Gandhi's assassination does not need much argument. It is also obvious that Gen Zia-ul-Haq could not have possibly hanged Bhutto if the Americans did not want the judicial murder. Non-commitment on the question of the restoration of democracy in Pakistan is a part of the same story. Talking about the Movement for Restoration of Democracy (MRD) the U S Defence Secretary Weinberger, during his visit to Islamabad in September, 1983, described the MRD as the handiwork of a few pro-Soviet elements.⁶ The leading role played by the Pakistan People's Party (PPP), the political party founded by the late Bhutto, in the M R D should be kept in mind to understand what Weinberger was saying. That might also explain why Zia-ul-Haq got away with his judicial murder of Zulfikar Ali Bhutto.

Bandaranayake, likewise, presents an interesting case. He was a major exponent of the doctrine of non-alignment in its early years. One must emphasise the early years because it was far more difficult to be non-aligned then than it is today. He was non-aligned at a time, when objectively speaking, 'non-alignment' was in its thrust mainly anti-imperialist. The decline of the foreign policy of Sri Lanka once again into a Sir John Kotelawala phase since, has more than achieved the purpose of the "Atlantic" world. Now, not only is the U S in Sri Lanka, but even Israel and South Africa have reached there. The British had already transferred the island of Diego Garcia in southern Indian Ocean to the United States. Now, the United States has R&D facilities in Sri Lanka. It has almost pocketed Trincomalee. President Jayewardene can get away with genocide of the Sri Lankan Tamils. It is a continuous story since the murder of Bandaranayake. The short lived resistance of Mrs Bandaranayake to the decline in Sri Lanka's independent status could not arrest the downward slide. Bandaranayake's assertion of Sri Lankan nationalism, which one must reiterate, was at best ambiguous towards the United States; but it was arrested in time by the assassination. From the mid-fifties to the mid-eighties the Western dominance of Sri Lanka has been restored.

The creation of Bangladesh in 1971 was interpreted by the Atlantic World basically as an accretion to Soviet power and influence. Whether in reality it was so is not as important as the perception that it was.

Political instability and economic dependence on the West were certain to achieve Western dominance in Bangladesh. Following Sheikh Mujeeb's assassination, the country has known very little else. It is a starving nation. It is also a captive nation; captive of the World Bank, of the Western finance capital, and in its captivity a reliable ally of the United States.

No less relevant has been the tale of woe of Pakistani democracy. An element of instability was introduced into the functioning of the Pakistani parliamentary democracy with the assassination of Liaquat Ali Khan, once again not at all an anti-American leader. The net result was the take-over by the Army. The take-over of Pakistan by the Army is significant not in terms of the greater or lesser stridency of her anti-India positions, but rather for the linking up of Pakistan completely and in a slavish manner, with the U S strategic perspective. The late President Ayub Khan said so in so many words. He told his American benefactors: "We provide the manpower and you provide the means to do the fighting."⁷ It is easy to see that such a strategic perspective makes Pakistan a nation of cannon-fodder as indeed Diem's Vietnam was and Syngmon Rhee's Korea continues to be so many years after Rhee's death.

The hostility to the socialist system and the desire to look for cannon-fodder to do the fighting have governed the broad American attitude towards this region. Destabilisation and assassination are major weapons in this policy. It is in this geo-political and historical sense that the responsibility for the murders and assassinations in South Asia devolves on to the U S.

The policy continues and apparently with great success. Jack Anderson, a major American journalist, basing his information on "secret and top-secret documents", reported recently that Gen Zia of Pakistan:

promised to allow U S planes to use Pakistan air fields, should Soviet bombers threaten the Persian Gulf from Afghanistan. He also has agreed to let U S weapons be sent to Afghan rebels through Zia's special forces. In return the U S is giving Pakistan dollars 3.2 million in aid over five years, sharing intelligence information with Zia and training presidential bodyguards."⁸

The thrust of the U S policy in South Asia is clear. It is to create Asian allies who would be willing to provide the cannon-fodder and to change the metaphor, pick the U S chestnuts out of the Afghan fire. In February 1980, Pakistan had rejected the 400 million dollar worth of aid package offered by President Carter. Agha Shahi had then said that acceptance of this sum "would have detracted from, rather than enhanced, our security".⁹ President Reagan knew what Gen Zia had in mind and has since made up for the earlier shortcomings of the U S policy. Quite apart from the Pakistani understanding of the events in Afghanistan, we have to consider the long term impact of U S policy on

the status of Pakistan. President Eisenhower initiated the process of incorporating Pakistan into the U S strategic perspective through the SEATO and the CENTO. President Reagan has taken the same process firmly ahead and in his new term he will persist with it.

It is doubtful if the Americans would achieve any significant progress in terms of restoring *status-quo ante* in Afghanistan. But in the process of doing so they would have turned Pakistan into a permanent dependency (of course, nothing is permanent in international affairs. Permanent here would mean short of revolution). Bangladesh and Sri Lanka have taken the road of dependency as well. Nepal and Bhutan do not have a particularly brighter future. Against this background the forces of destabilisation and disintegration achieve a menacingly sinister character. Who would benefit from this disintegration of India? Obviously they who have already benefited from the balkanisation of South Asia which occurred when the British left in 1947. A huge state from the Chittagong hill tracts to the Khyber Pass would have been a certain bulwark against Western dominance. The partition of 1947 introduced a distortion in the politics of South Asia which has over the years consolidated the position of the Atlantic powers here. Obviously history cannot be unmade. But to see the inevitability of history is not to forget it. As Bukharin put it: "To understand an historic event means to represent it as the consequence of a definite historic cause or historic causes, in other words, to represent it not as an 'accidental' entity caused by nothing, but as an entity inevitably flowing from the total of given conditions."¹⁰ It is necessary to see the relationship between balkanisation of countries and imperialism, particularly the U S imperialism whether it is in China-Taiwan, North-South Korea, North-South Vietnam, or the rift among the Indochinese states. The U S is present in a very significant way. The causality here need not be and is not very different. Further dismemberment of what remains of India will turn it into small states pliant to the United States and captive slaves of Western economic hegemony. The developments in India clearly point to a grand strategy not altogether removed from the Balfour declaration which sought to rationalise and assert British hegemony in Egypt. At this point the question is not if there is no material basis to increasing social tensions in India. Obviously there is. Dependent capitalism—even a relatively autonomous growth as in India does not alter that phenomenon—and a backward economy are bound to create tensions which the system cannot manage. The overthrow of the system cannot be substituted for by balkanisation as the answer to those problems.

But then, the Atlantic powers have no good reason to share this perspective. They are interested in fanning these tensions. That Jagjit Singh Chauhan and other Khalistanis have found a reliable base in the UK, Canada and the U S is not altogether fortuitous. The immigration laws in these states are otherwise quite strict. But the Khalistanis do not have any problem in continuing to reside on either side of the Atlantic.

Religious Fundamentalism

It would be an error, however, to reduce the whole problem to one of sanctuary which these international crooks get despite the laws of immigration. That is a small part of the matter. The basic issue is really the 'fundamentalism' which has emerged all over Asia. From Iran to Bangladesh fundamentalism reigns supreme. What has this fundamentalism achieved? Precious little, one might say. But that is only half the story. The basic thing these 'fundamentalisms' have achieved is an onslaught on the Left. In some cases it is being butchered (as in Iran) banned, jailed and forgotten (as in the rest of the Islamic world) or simply put on the defensive (as in India). There may be, and indeed are, serious academic studies of fundamentalism. They have some valid points to make. But one point that they consistently fail to make is the innate conservatism of these ideologies and their role in suppressing radicalism of any sort, let alone revolutionary radicalism.

If we see this reality for what it is, we can then perceive that these upsurges of fundamentalism have quite interestingly either followed the liquidation of a nationalist, forward looking leader or have consolidated during the reign of terror that has followed such a liquidation. Mossadeq was removed from the leadership of Iran and with it the democratic process in Iran was snuffed out. Against the unpopular regime of the Shah which followed, Imam Khomeini, with all the medieval trappings of an Imamhood, emerged as a leader and is now attempting to make his country fully sanitised against the perils of communism. Taking a long-term view, therefore, it is possible to see that the Imam's anti-American rhetoric and tantrums notwithstanding, Iran has been a net gain for the U.S. To be sure, the Americans would have loved to have the Imam achieving the same objective with less strident anti-Americanism. But then even the Americans cannot get the world made to order.

Something similar has happened in Pakistan. Following the judicial murder of Bhutto, Gen Zia has launched a drive of Islamisation. This fundamentalism in turn works always and without fail against the communists, against radical social transformation. Sheikh Mujeeb's assassination has set into motion a similar process in Bangladesh. From Solomon Bandaranayake's murder to Jayewardene's coronation it has been a familiar story.

In India, the consolidation of Hindu and Sikh communal sentiments was an obvious desideratum for imperialism. A systematic propaganda, large scale pumping of money and weapons, presumably through Pakistan created the right climate. Then the assassination of Mrs Gandhi ensured that the process was at least for the time being irreversible. The holocaust which followed demonstrated that sections of the Hindus of the capital had gone berserk. The alienation of the Sikh is complete. The assertion of one religious identity leads to a counter-assertion of the other identity. It creates a circle of vice. The primary

issue then is one of being a Hindu or being a Sikh, and so on. In the cacophony, social transformation or the organisation of the masses to achieve that, becomes a very difficult, if not altogether impossible, proposition. Conservatism rules supreme.

Fundamentalism, thus, is, in the last analysis, a weapon of imperialism which does not want any modern consciousness to arise. It wants dependent capitalism which has little use for modernity. Further a radical transformation is ruled out if the fundamentalist consciousness is the dominant element in the polity and society. The complexity of factors forming the mainstay of imperialism in Asia may be expressed thus: political instability—fundamentalism/consolidation of communal consciousness—Western dominance.¹¹ The details of the strategy would vary from place to place. But the thrust is clear.

Wrong Approaches to the Study of U S Policies

In discussions, even in our own country, the real role of US imperialism is often not perceived, because the very categories and approaches used for analysing U S policy are wrong. For example, to think of the U S as committed to liberal democracy and to analyse U S policies in terms of this commitment, as is often done not only obscures the real thrust of these policies, but even makes these policies wholly unintelligible. For a foreign policy maker in Washington, democracy is a slogan for propaganda. It is not a slogan for action. It cannot be. The American policy makers have been quite candid about this. For example, Under Secretary Buckley told a Congressional Committee on Security Assistance on September 16, 1981: "A strong stable and independent Pakistan is an essential anchor to the entire South-West Asian region."¹² Significantly, among the virtues which would enable Pakistan to become an "essential anchor", Buckley did not include democracy. Buckley is not wrong, it is we who are wrong in not seeing what he means.

The other approach usually begins with the assertion that South Asia is a low priority region for American foreign policy. This is false since it simply ignores the fact that imperialism is a world system. Its priorities are determined not by geographic preferences but according to to what the world imperialist system needs at a given point of time and in a given area. If South Asia appears to be a "low priority area", it is mainly because the present levels of U S involvement are enough to keep us on the right track. No major challenge to U S supremacy, comparable, say, to Latin America, has grown as yet in South Asia. The "high" or "low" priority terminology simply misses this point. It also ignores the significance of the absorption of Pakistan, Bangladesh and Sri Lanka into the imperialist orbit. If South Asia was indeed a low priority area for the U S, one would be thankful for it, but unfortunately, international politics today leaves little scope for neatly

and permanently pigeon-holing regions into "low" and "high" priority areas.

G P DESHPANDE

School of International Studies, Jawaharlal Nehru University, New Delhi.

- 1 Edmund Burke, Works, London, 1826, Vol VIII, pp 214-215 cited by Kissinger, n d, p 504
- 2 Raymod Aron, "The Anarchical Order of Power", Paper presented at the Seminar on "Conditions of World Order" held in June 12-19, 1965, Bellagio, Italy. Reprinted since in *The Daedalus*, spring 1966, pp 479-502, p 486.
- 3 *Ibid*, p 487
- 4 Cited by Aron, *Ibid*, p 479.
- 5 This is a concept the Soviet commentators have introduced to describe states like Angola, Afghanistan, Mozambique etc.
- 6 Cited in S D Muni, "Reagan's South Asia Policy: The Strategic dimension" (unpublished), February 1984.
- 7 *Ibid*, pp 10-11.
- 8 "Weinberger's Persian Gulf Shopping List", in *Washington Post*, January 17, 1984,
- 9 Cited in Bhabani Sen Gupta, *Afghan Syndrome*, Vikas Publishing House, New Delhi, 1982. p 150.
- 10 N Bukharin, *Imperialism and World Economy*. The Book was first published in 1917. The citation is from the Merlin edition published in 1972, pp 130-131.
- 11 The term western dominance is preferred here to imperialism not because it is better which it decidedly is not but because a major work (by K. M Panikkar) by an early historian and commentator describing the Asia-West relationship in clear anti-imperialist terms used it in its title: "Asia and Western Dominance"—may be as a tribute to rapidly diminishing species of anti-imperialist intelligentsia in our country.
- 12 Department of State Bulletin, Vol 81, no 2056, p 84.

United States and the Asia-Pacific Region in 1980s

THE UNITED STATES OF AMERICA came into the picture of world politics much before the Second World War. Interestingly, in the 19th century itself serious debates took place in the American Congress regarding the vital importance of sea-lanes all over the world which would be instrumental in serving the interests of the United States, and the need to control them. But the turning point for the U S was the Second World War which enabled it to arrogate to itself the leadership of the "free world".

The American involvement in the Asia-Pacific region can be traced back to the 19th century when the United States defeated Spain in 1898 and annexed the strategically crucial island, Guam, in the Pacific, and the Philippines in Southeast Asia. It should be noted that the Americans had been at work to safeguard their position in East and Southeast Asia much before the World War II. The U S had started making efforts to secure the rear position in Indochina and Korea long before it abandoned all hopes of propping up Chiang Kai-shek in China. After the World War II, two reasons prompted the U S to intervene militarily in the Asia-Pacific region: firstly, the liberation and formation of the People's Republic of China under the leadership of the Communist Party of China, and secondly, the militant nationalist movements against the former metropolitan powers in the whole of the Asia-Pacific region. Looking upon the Asia-Pacific region as the highly vulnerable rearguard of the world capitalist system, and with the aim of protecting this rearguard from falling to the communist system, the United States pitted itself against the aroused nationalism of the Vietnamese people led by the communists.

The "vacuum" created by the defeat of Japan, the necessity of access to the natural resources of the region, and the perceived threat of spreading Sino-Soviet influence in the early 1950s—all these factors combined to lend an urgency to the efforts of the United States to entrench itself in East and South-east Asia. In 1971, the control by American-European capital over world mineral resources was: copper 70.9 per cent (10 companies), nickel 74.5 per cent (8 companies)

aluminium refining 82.8 per cent (6 companies) and crude oil 64.0 per cent (8 companies). The so-called "potential countries" which could fall to communism became the victims and the worst sufferers of the 'divide and rule' policy of the West. For instance, China, Korea and till June 1975 Vietnam were not only divided, but the peoples of each of these countries were made to fight amongst themselves. Undaunted by the full fledged involvement of Japan in the War against the Allied Forces, the Americans found a good ally in Japan. Japan on its part played an important role by staging a tremendous come-back to take an active and dynamic part in the affairs of Asia-Pacific in general and of Southeast Asia in particular. After the defeat and occupation of Japan under the stewardship of McArthur, a right-wing Republican, a constitution was drawn up for the Japanese and huge American investments started flowing into Japan.² Though there were provisions in the Japanese constitution explicitly renouncing the right to wage a war or make war-preparations, today Japan has one of the largest military budgets among the countries of the world. The Mutual Defence Agreement (MDA) between America and Japan of 1954 promised American support for Japanese re-armament. This was further boosted with the wars in Korea and Indochina.

Renewed Military Build-up

The American military involvement in the region with Australia and Japan playing a supportive role proved to be too costly and ultimately the Americans through the Nixon Doctrine of 1969 were forced to retreat partially from the Asia-Pacific region. Despite the partial withdrawal from Southeast Asia in the early and mid-seventies, the United States remains a pre-eminent power in the Asia-Pacific region. Moreover there has been a renewal of military build-up in the region from the 1980s onwards. The US has already deployed in this region a force of 150,000 service men on the Seventh Fleet and in such bases as Rokusuka in Japan, Subic Bay and Clark Field in the Philippines, Caden and Taegu in South Korea, and Anderson and Port Apra in Guam. The Japanese island Okinawa has been converted into a large weapon base. The nuclear submarine facility at Exmouth Gulf and the Pine Gap deep-space and the monitoring system along with two new facilities being constructed in Australia that will be available for US use, the Cockburn Sound naval base, and the Omega naval base—all these testify to the magnitude of the US military build-up in Asia-Pacific. All these, moreover, are quite apart from future US access to Sattahip, U Ta Pao and other Thai bases vacated in the mid-seventies. Finally one needs to add Diego Garcia in the Indian Ocean to this list, since the US navy has been developing the island as a major US nuclear base. Along with this, there has been mounting US pressure on Japan to increase its defence expenditure and take the responsibility of policing the Asia-Pacific region. Apart from the bases, the US has military treaties

with Japan (1960), South Korea (1954), and the Philippines (1951), military cooperation agreements (latest 1980) and military aid agreements with Thailand and Taiwan (Taiwan Relations Act 1979). The U S also provides military aid either on grant or on credit basis to Indonesia, Malaysia, Pakistan, the Philippines, Thailand and South Korea. In 1951, Australia, New Zealand, and the United States signed a tripartite treaty, the ANZUS Pact, which was to be of an indefinite duration. The Manila Pact signed on September 8, 1954 by Australia, Britain, France, New Zealand, Pakistan, the Philippines, Thailand and the United States remains in force, though France and Pakistan subsequently withdrew from it. This pact calls for mutual help and consultation in case of any threat to territory, sovereignty or political independence of any party. The Five-Power Defence Agreement among Australia, Malaysia, New Zealand, Singapore and Britain, related to the defence of Malaysia and Singapore and came into effect on November, 1, 1971. Britain withdrew its forces from Malaysia in March 1976, but the New Zealand troops remain in Singapore, as do the Australian air units in Malaysia and Singapore. And the Australian and New Zealand naval units visit Malaysia and Singapore regularly.

Unlike the United States which has a string of bases in the whole of the Asia-Pacific region, the Soviet Union does not have a single base, let alone a nuclear base, outside its own country in this region. But it has a formidable naval fleet built almost from the scratch during the last decade.

Under the Reagan administration, the U S has adopted even more aggressive military postures all over the world. The Pentagon has identified the existence of major threats to the U S interests in areas such as the Korean peninsula, the Middle East, the Caribbean region and the north-west Pacific area. Significantly, Reagan made two trips to East Asia during the last one year (1983-84). Noting that "the security of the U S and of Japan cannot be separated from the security of the allied and neighbouring countries", Reagan in an address to a joint session of the Japanese Diet appealed for cooperation between the "two big powers", and urged that "the U S, Japan and allied countries should contribute to world peace through military strength".⁴ Since the beginning of the Reagan administration, the joint statements of the U S-Korea Security Council have defined Korea's security as "the axis for peace and stability in North-east Asia, and crucial to the security of the United States". Reagan has openly appealed that "Japan should assume more responsibility for our (U S and Japan) mutual efforts for defence".

In the new context of stepped up militarism under Reagan, even the use of nuclear weapons as an offensive tactic is not ruled out. In the wake of increasing opposition from the people to the U S bases, the new strategy has been to strengthen the bases at various islands; and, invariably, all these bases are equipped with nuclear weapons. On January 22, 1983, the Chief of Staff of the U S Army, Meyer, in a

press conference in Seoul said: "The basic concept of Reagan administration strategy is to use tactical nuclear weapons even in a conventional war if prolonged. This concept can be applied to Korea." In the last few years the new phase of military alliance between Japan, the United States and South Korea has been designed to counter the so-called threat from the Soviet Union. Prior to Reagan's visit, the South Korean Defence Minister stated in the Diet of Japan, on October 27, 1983 that "cooperation among S Korea, the United States and Japan must be furthered in such a direction that the Korea-U S Defence Treaty and the Japan-U S Security Treaty could supplement each other". For the first time, a head of the state of Korea visited Japan in September 1984, despite opposition from the people who felt that the atrocities and plunder perpetrated by Japan before and during the Pacific War cannot be forgotten or forgiven. They also fear that closer relations with Japan would lead to economic domination by Japan. But the defence minister of S Korea at the end of 1983 openly stated that "if necessary conditions are fulfilled, S Korea will promote military cooperation with Japan".

Japan on its part is not lagging behind in its military efforts. Nakasone, the present Prime Minister of Japan, told immediately after his election that he would make Japan an "unsinkable aircraft carrier". He also said that Japan was now in a position to guard an area of 1000 mile perimeter measured from Tokyo. At the Williamburg Summit in May 1983, Nakasone, along with Reagan, asserted that the security of Japan and of the Western bloc could not be separated. As soon as the new Republican administration came into the White House, pressure started mounting on Japan to increase its military spending. U S Defence Secretary, Caspar W Weinberger, urged Japan to contribute more to support U S forces stationed in Japan, and permit the flow of military-related technology from the United States. He cautioned that "unless Japanese military abilities are substantially and swiftly increased, Congress pressures may lead to more restriction on Japanese imports or withdrawal of American forces".⁵ By July 1982 the Japanese Cabinet announced a new five year plan for arms purchases, which envisaged larger spending than before. The new programme called for at least 17.6 billion dollars for spending on weapons—a 60 per cent increase.⁶ Defence Secretary Weinberger and Japanese Defence Minister Min Soichiro Ito announced an agreement under which the U S would deploy fighter bombers on the main Japanese island of Honshu beginning from 1985 "to confront the U S S R more directly".⁷ The fact, however, is that a structure of internationalised militarisation with Japan at its centre has been in existence since 1960. Inspired by Reagan's slogan of "peace through military strength", Japan, with its own military build-up and aggressive penetration into the economies of Asia-Pacific region and its unflinching support to military and repressive regimes (thus creating a network of military satellites) would be playing a major role in the future.

A new phase of military alliance between Japan, S Korea and the United States is being developed under the guidance of the Pentagon with support from Australia and ASEAN countries.⁸ In the recent talks between the Reagan administration and Japan, the security of the Far East and of Japan were considered to be synonymous, and it was agreed that Japan would bear a greater burden regarding "mutual defence". In other words, "Japan's self-defence" was to be expanded considerably and focussed on North-east Asia and the North-west Pacific areas. In this U S-Japan alliance, S Korea is to play a major role in policing the Asia-Pacific region. When the President of S Korea, Chun Doo Hwan visited the U S in February 1981, he announced that "Korea is a fortress for Japan and the United States in the Pacific and is ready to counter any threat by the U S S R together with the other two nations". Later, Premier Nakasone's visit to S Korea and the recent visit by Chun to Japan have carried further the negotiations on economic aid and security cooperation. Reagan's visit to Japan and S Korea confirmed the role which these three countries would have to play. U S Secretary of State Shultz explained that Reagan's visit "confirmed the continuation of efforts for the development of the relationship between the U S, Japan and Korea". This alliance postures have become more active and aggressive in the sensitive and strategic Asia-Pacific region.

There has been an increasing nuclearisation of the whole of the Asia-Pacific region. The United States has installed nuclear arms at all its major bases in this region, including S Korea. The so-called threat from N Korea is a myth, for S Korea possesses nuclear weapons whereas N Korea does not. The "National Defence Guidance, FY 1984-88" of the United States, a part of which was published in the *New York Times* in June, 1982, envisaged engaging in and winning a nuclear war. According to this report, the U S army stationed in the west Pacific would conduct offensive operations to strike at the weak points of the Soviet Union and "to wait for the chance of counter attack against coastal areas of N Korea, Vietnam, and the U S S R", once a conflict occurs. In the early 1983, this emphasis on attack on west Pacific was further strengthened and the deployment of Tomahawk to the Seventh Fleet, and of F-16 to Misawa is part of this strategic shift. When the frequent relation strategy of the U S is developed in North-east Asia, the blockade of straits with the cooperation of Japan would be emphasised. The blockade of straits Soya, Tsugaru, Tsushima, and Daikoku would aim at confining the Soviet navy. This strategy of attacking the enemy (the Soviet Union) at a weaker point by the United States essentially means generalising any conflict into a world war and embroiling the Asia-Pacific region in it as a major theatre.⁹ The U S strategy in the Asia-Pacific region is thus part of a broader world strategy where all the socialist countries, especially the Soviet Union, are surrounded by an iron ring; this is also aimed at preventing any influence of the Soviets in the Third World. The U S plan, therefore amounts, at the same time

to a cordoning off of the Third World and exercising uninhibited sway over it, so that popular struggles for social justice in this part of the world are easily crushed. But this plan is meeting with resistance; even in the Asia-Pacific region opposition to U S bases and its military involvement is mounting day by day in the Philippines, in S Korea, in Japan, in New Zealand and so on.

Economic Stakes in the "Pacific Rim"

But apart from global strategic considerations, there is also a more directly economic motive behind the U S interest in the Asia-Pacific region. The "Pacific Rim", comprising countries of East Asia, South-east Asia, and Oceania, is now the fastest growing region in the world and hence "America's new frontier". Americans see in this region a rich prize, a booming market of 1.5 billion potential customers. The next hundred years is seen as the "Pacific Century". In Reagan's words: "you can not help but feel that the great Pacific basin—with all its nations and potential for growth and development—that is the future." According to the U S Under Secretary of State, there is a shift of the centre of gravity of U S foreign policy from the transatlantic relationship towards the Pacific basin. The two-way trade across the Pacific is more than across the Atlantic since 1978 and the gap is widening every year. Since 1978, U S trade has expanded on a spectacular scale—by more than seventy per cent—with the twelve friendly nations that ring the Pacific. In 1983, such trade reached a level of 136 billion dollars. This was 26 billion dollars more than the two-way trade between the United States and its traditional European partners. East Asia is the number one market for American agricultural exports accounting for about one-third of the total sales abroad of U S farm products.¹⁰ In 1984 the U S-China trade is expected to reach an all time high of 5.5 billion dollars. With the emergence of the Asia-Pacific region as America's dominant trading partner, the "security" of the region is of increasing concern to the U S administration.

Of Washington's eight mutual-security treaties the world over, no fewer than five are with nations in the Pacific region—Japan, South Korea, the Philippines, Thailand, and the ANZUS Pact states of Australia and New Zealand. The United States has also an implicit commitment to the defence of Taiwan, despite the renunciation of a formal treaty at the time that full diplomatic relations were established with the People's Republic of China.

Much before the South-East Asian Treaty Organisation (SEATO) was wound up owing to its intrinsic weaknesses and lack of full-fledged regional participation, plans were underway to create a broad regional organisation to contain the spread of communism. The outcome was the formation of ASEAN in 1967. The ASEAN economies were opened up for investments by transnational corporations and are firmly under the control of such corporations. For instance, the share of foreign

capital in total investment in ASEAN by 1979 was: Singapore-69.47 per cent; the Philippines - 59.7 per cent; Indonesia - 56.9 per cent; Malaysia-54.8 per cent; and Thailand-29.1.¹¹ America actively supported the formation of ASEAN seeing it the best hope for taking care of regional security, and ensuring a free market economy in the region. While deep-seated fears of Japanese expansionism exist among the ASEAN countries, the regions are much too beholden to the U S to refuse to the Washington's line on matters of regional security. Indeed the militarised political structures in this region have been actively supported since the late sixties, not only by the U S, but also by Japan.

The pace of capitalist development has accelerated in the countries of the Asia-Pacific region. By the mid-seventies there has been considerable restructuring away from dependence on the export of a few primary commodities to the expansion of export of labor intensive manufactures and semi-manufactures. The character of export industrialisation has had profound impact on the nature and form of dependence of these economies on the industrialised systems of the United States, Japan, and Western Europe. These economies are integrated into a new international division of labour as manufacturers of labor-intensive products, parts and components or of local resource-based commodities. The internationalisation of capital under the control of transnational corporations for fuller exploitation of cheap labour for world-wide markets has resulted in the creation of the so-called Newly Industrialised Countries (NIC) like Taiwan, Hong Kong, South Korea Singapore etc. Though this region (including ASEAN countries) has achieved very high growth-rates in the absence of equitable distribution of income and this has only resulted in widening the gap between the rich and the poor and increasing the disparity between urban and rural areas.

These countries' politico-economic orientation has received the stamp of approval from agencies like the World Bank, the International Monetary Fund (IMF), and the Asian Development Bank (ADB).¹² The deliberate policy of these international financial institutions to promote private foreign investments has played a vital role in the so-called 'modernisation' of these countries and in thus making these economies subservient to foreign private capital. The emergence of repressive militarised political structures is the natural outcome of the process of dismantling the political and economic obstacles to the implementation of the above programme. In recent years, massive borrowings by these countries from transnational banks (TNB) have added another dimension to their development. These banks, mostly American and Japanese, have developed large interests in this region, where their involvement ranks second only to Latin America in the entire Third World. Singapore and Hong Kong, the two city states in the region, have become havens for the operations of the TNCs and the TNBs.

Ronald Reagan has declared that "no area of the world is beyond

the scope of American interests", which means that the United States can intervene in any part of the world whenever the U.S. administration thinks that its "interests" are threatened. The world is being driven to the brink of disaster with the adventurist military policies of the United States. The U.S. Army Chief of Staff, Gen John A. Wickham, has reported that 43 per cent of the U.S. army was deployed overseas, 14 out of 30 AWACS surveillance planes were abroad, and 5 out of 12 aircraft carriers were in foreign waters.¹³ The last few years have witnessed a phenomenal increase in military spending by the U.S. When President Carter was elected in 1976, defence spending was authorised at 95.7 billion dollars; at the end of President Reagan's term of office in 1984, the spending on defence went up to 300 billion dollars. Along with increased military spending, the United States has set up an intricate pattern of military alliances. In the Asia-Pacific region, these alliances involving the ANZUS Pact, the ASEAN and the new military cooperation between Japan and South Korea have converted the whole region into a huge military camp; this has increased the vulnerability of the region as well as to a holocaust. Even very small islands of the Pacific feel the dangers of militarisation. The Fourth Free and Independent Pacific Conference held in Vila, Vanuatu, in mid-1983, with most of its delegates drawn from the Pacific islands, condemned the deployment of the U.S. Tomahawk missiles in the region, and the "increased war preparations" by the United States, Australia, Japan, New Zealand, and Canada.¹⁴

G. V. C. NAIDU

1. In copper, aluminium and oil, the U.S. control was about 40 per cent of world output.
2. Out of about 7 billion dollars' worth of foreign assets in 1970, the American share was believed to be between 60 and 70 per cent.
3. Chitoshi Yanaga, Yale University Press, New Haven, 1968, p. 254.
4. *AMPO*, Tokyo, Vol. 15, No. 2, 1983, p. 5.
5. *New York Times*, March 27 & 28, 1982.
6. *Ibid.*, July 24, 1982.
7. *Ibid.*, October 1, 1982.
8. ASEAN (Association of Southeast Asian Nations) comprises of Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei. The oil rich Brunei got independence only in the beginning of 1984 from Britain.
9. *AMPO*, *op cit.*, pp. 9-10.
10. *U.S. News and World Report*, (Washington), August 20, 1984, pp. 45-47.
11. Donald Crone, "Emerging Trends in the Control of Foreign Investments in ASEAN", *Asian Survey*, (Berkeley), April 1984, p. 417.
12. Incidentally the Asian Development Bank is not so Asian in its composition. Established in 1966 to channelise the funds to Asian countries, the United States and Japan alone control about 30 per cent of shares, and the shares held by the non-regional states, the U.S., Western Europe and Australia are about 40 per cent.
13. *International Herald Tribune*, August 11, 1983 and September 21, 1983.

BOOK REVIEW

ANGELA Y. DAVIS, *WOMEN, RACE AND CLASS*, New York, 1981, \$ 17.50.

ANGELA DAVIS' book is a rare effort—a case study of the interaction of issues of race and class within the women's movement in America. She carries out her analysis through a chronological unfolding of the position of black women, the majority of whom are also part of the labour force, within the American society. She studies their transition from slavery to freedom, against the background of a number of particular issues raised at different times by the women's movement, namely the issues of female suffrage, of resistance against rapists, of the right to birth control and abortion, and finally of housework. The picture that emerges from her analysis reveals uniformly non-participation of black women on these issues in the feminist movement. And her explanation of this lies in an incisive critique of American feminism, which according to her, has failed to tackle adequately the issues of race and class.

To use a slightly inappropriate image, Davis catches the bull by the horns in her statement of the problematic, although in working out the details, a clearer statement of historical priorities should have been forthcoming. In a specific historical situation, racial and sexual discrimination operates within certain specific relations of production. In the life of the black woman, the transition from slavery to proletarianisation *vis-a-vis* the capitalist labour market made a qualitative break. Racial oppression continued so that a link with the past remained, but the manner of economic exploitation changed and with it the forms of racial discrimination as well. The scope for upward social mobility increased; economic opportunities closed to the black slave were slowly opened up at least to a minority of the emancipated negroes. This, of course, did not mean the eradication of inequality; it rather served to swell the ranks of a reserve army of labour and enhanced tension among the different groups within the working class. But the chronic unmitigated discrimination against blacks which continued in the post-slavery

period must not lead us to underestimate the larger change which had taken place.

Davis' analysis makes it very clear how the racial situation of the black woman determines and gives a special character to her sexual situation even in the post-slavery period. But that this itself is the result of the partial coincidence of race and class is left relatively unelaborated. The changing character of this oppression too is uncharted. In actuality, historical circumstances may make the class consciousness of the black woman secondary to her racial consciousness so that even as a 'free' labourer within the capitalist system, her prime concern may be her speciality; but for analytical purposes, it is impossible to think of the racial situation of the black women independently of her position within the relations of production. Racialism in capitalist America has its *raison d'être* in the fact that capitalism can only survive by fostering a condition of exploitation within exploitation. It is a prerequisite of American capitalism, but historically it is one among many. Davis' tendency to see the racial consciousness of the black woman as identical with her class-consciousness, therefore, leaves certain lacunae in her working out of her theoretical position. Her treatment of the interactions between race and class, and class and sex is not as lucid as that of the interactions between race and sex.

For instance, in the first chapter, the black slave woman is shown as representing a "new standard of womanhood" different from that of the white woman. As a labourer she represented a full unit within the labour force, worked as hard as the male slave and was not spared even the most arduous forms of work because she was a woman. At home, this "equality in oppression" (p 19) which she bore with her men, enabled her to enjoy sexual equality within the family, which was not available to the white bourgeois woman of the same period who was being pushed out by developing capitalism from her socially productive functions into the limited role of a housewife. It is asserted that this "new standard of womanhood" enabled the black slave woman to resist better the racialist values of her masters as well.

It is on the basis of the slave woman's position within the relations of production that the distinction between her position and that of the bourgeois woman is made. Further, Davis thinks of this "new standard of womanhood" as available also to immigrant white women workers of the same period. But that the negro woman could acquire a special militancy against racialist sexist values because of her position within the relations of production as a *slave* is neglected by Davis. Nor did she acquire it automatically, but through her fight against the anaesthetic effect of dominant ideology. The character of Eliza in *Uncle Tom's Cabin*, "white motherhood incarnate, but in blackface" (p 27), need not have been such an oddity as suggested by Davis among the black female slaves who worked as domestic servants, just as the Christian patience and docility of Uncle Tom is a historically viable possibility.

Here the power of degradation that is possessed by an exploitative system with its ideological adjuncts is obviously underestimated by Davis. This degradation must have been operative for the white woman worker in different ways. But Davis seems to think of militancy as the automatic characteristic of the labouring poor and therefore of the black female slave as well.

Again, what happened after the slave woman was emancipated? Did she retain the "new standards of womanhood" intact? Or were there new threats within capitalism to the integrity of her family life? Davis is quite right to challenge the pernicious racist-sexist Moynihan thesis which says that the destruction of male authority within the negro family during the period of slavery, and its being forced into a "matriarchal structure", created a "tangle of pathology" which makes the American Negro a socially disoriented figure even today. She thoroughly exposes the kind of ideological nonsense which goes by the name of 'erudite research' and which reinforces the foundations of oppression it seeks to glaze over. She makes a scorching analysis of the tendency to push the phenomenon of racial oppression and its destructive effect back to the bygone days of slavery.

But, on the other hand, even if we completely accept Davis' own thesis that the Negro family in slavery resisted wherever it could the disintegration enforced upon it by developing its own distinctive set of domestic values based on sexual equality, it does not follow from this that the situation would remain unchanged after the transition from slavery to proletarianisation. We find capitalism constantly encroaching upon the private life of the worker and seeking to degrade it in the process. Has the Negro family been able to resist this onslaught in the post-slavery period? Or has it gone through a process of degeneration similar to other groups within the working class? If there is any truth at all in the theory that the male in the black working class family today is often a drifter and it is the woman who has to bear the burden of housework and child-rearing while constituting part of the labour-force herself, this is a specific manifestation of the anomaly within capitalism to which analogues may be found among other working class families, and forms of resistance to it cannot be identical with those adopted by the slave-family to resist disintegration. How a situation of continued racial discrimination may, in fact, retard the development of working class consciousness not only among whites but also among blacks in the post-slavery period is not underlined sufficiently by Davis.

There are, of course, forms of racial oppression which cut across class barriers. Movements for negro suffrage in the years following the Civil War, movements against widespread lynchings of blacks after their emancipation, movements against various forms of segregationism concerned all black people. The black women who were in the position of leadership in these movements mostly belonged to that minority who had succeeded in making at least some use of the opportunities of

upward social mobility which followed the abolition of slavery. There were members of what Davis calls an incipient "Black Bourgeoisie", black women who owned properties, as well as school teachers, newspaper women (like Ida B Wells) and housewives. For them, as distinct from the white feminists, the question of racial discrimination was of much greater urgency than the question of sexual discrimination. Their efforts were indeed all the more admirable because they were fighting not just for themselves, but also for the economically deprived blacks who were therefore more vulnerable to radical oppression and violence. But is the same homogeneity of interest maintained within the American Civil Rights Movement today? How does the question of class affect it? On the other hand, how does the Civil Rights Movement affect the black worker's participation in the working class movement? This would be interesting to know in the context of the book because we are here given a vivid analysis of the alienation of the black woman worker from the feminist movement and it is suggested that there are class-based as well as race-based reasons for this. But we are not told whether the Civil Rights Movement in which she is positively involved as an alternative offers upto the present time an adequate representation of her class point of view as well.

There are two chapters in the book where Davis comes close to a direct discussion of the interaction of class issues with racial and sexual ones in the post-slavery period, namely, "Working Women, Black Women and the history of the suffrage movement" and "Communist Women". The last chapter which is an incisive critique of the "Wages for Housework" movement also seeks to analyse the issue from the point of view of the Negro woman worker in America. But in these chapters too the picture of the black woman worker remains somewhat incomplete because the interactions of race with class within the working class movement are not elaborated.

It is pointed out that white, working class women themselves, like black women "did not enthusiastically embrace the case of women suffrage" (p 140). They were more interested in better wages, improved housing, education etc. But apart from this, what were the points of contact? For instance, how were they situated so far as racial issues were concerned? As we know, after emancipation, black workers constituted a reserve army of labour, persistently used by capitalists to keep wages down, to undermine strikes and to create dissension within the working class. White workers felt threatened by this new contingent of labour and this sense of threat was manipulated in such a way that racial hatred flared up in the form of riots in which hundreds of Negroes were killed and their property destroyed. Even trade unions were not free of racialism. Davis herself points out that "exclusionary policies" were so strong among white labour groups (p 138) that in 1869 a separate National Coloured Labour Union had to be formed. Racial tension within the working class movement is a chronic condition of American

capitalism which persists to the present time. Labour leaders have been aware of it, and efforts to promote the unity of the working class have been there. But in Davis' treatment, apart from the entirely empirical portrayal of communist women, both black and white, who fought against racialism as well as class exploitations, we get hardly any analysis of the difficulties for working class solidarity presented by racialism. We find black men in the Civil Rights movement also speaking up for women's rights—in other words, anti-racialism leading to anti-sexism. But there is little elaboration of the logic of similar communication between socialism and anti-racialism or socialism and anti-sexism. This communication cannot be automatic, it has to be fought for. The image of the black woman worker today cannot be complete without a proper account of the successes and failures of this fight so far, the failures no less than the successes. Of course, this would also be an account of the successes and failures of the American Communist Party, because it is the function of a vanguard party to penetrate into and to appropriate movements against any form of oppression and discrimination going on at a particular historical juncture.

Having said all this, however, one must also point out that these questions arise out of the overall theoretical framework of the work itself. Davis' analysis is based on the implicit assumption that the issues of sex, race and class are closely interconnected and further that the problem of sexual oppression cannot be combatted unless the problem of racial and class oppression is taken into account at the same time. But since most negro women in America are also working class women and part of the labour force themselves, the historical reason for racial oppression lies in the fact of class exploitation. And Davis' strongest point is her insights into the coincidence of the two.

Some of the most successful chapters in Davis' book are those where feminism in America is being seen against the background of the Black liberation movement as a whole, where therefore the black working woman's fight for her economic rights is absorbed into the united fight for political and civil liberty. Davis correctly points out that the feminist movement in America is weakened not just by its failure to represent the interests of certain less privileged groups within it, but by its failure to give precedence to issues which objectively should have had priority at a crucial historical juncture. Thus she shows how the participation of white bourgeois women in the anti-slavery movement before feminism had taken shape in America served to make them conscious of the anomalies of their own social status as women. Although neither the Abolitionist struggle, nor subsequently the issue of Negro suffrage had any direct relevance to women's problems, the women's rights movement gained in strength as long as it was associated with these broader democratic struggles of the time.

On the other hand, as the racial component in the feminist movement waxed stronger in the final decades of the 19th century and

the feminists came to see the slogan "Suffrage for Blacks" as antithetical to the slogan "Suffrage for women", their struggle for women's liberation became limited in its scope. As Davis points out, the feminist demand for women's suffrage was basically a demand for suffrage to white women of a particular class. At this point, the feminist movements being divorced from the sense of historical priorities absorbs values which are not only racist but ultimately male supremacist as well because it is really for the white "wife and mother", the bourgeois housewife responsible for rearing white children of the dominant class, that the vote is demanded. The interest of the rising class of capitalists is in the long run both racist and male supremacist.

When the emancipated Southern Negro got the vote in the period following the war (at the expense of female suffrage, as the feminists thought), the Republicans who represented the nascent capitalist interests were justifying it by saying that this was "the hour of the Negro". But their real interest in this lay in capturing Negro votes in order to establish themselves politically in the South. Immediately after this was done, the "systematic disfranchisement" of the Negro started (p 86). The Negroes like the feminists looked upon suffrage as the panacea for all social inequality and in this, as Davis clearly says, they were mistaken. But the objective condition which gave the demand for black suffrage, its historical validity was the intensification of racial violence against the emancipated negro. The vote was at least a limited guarantee of his security itself. The demand of the feminists to make Negro votes conditional upon the attainment of female votes was, therefore, a concession to racial and class bias rather than an uncompromising challenge to male chauvinism. It is this which caused a split in the Equal Rights Association (ERA) which might otherwise have afforded a joint platform of agitation for different unenfranchised groups. It is true that the fourteenth and fifteenth amendments to the Constitution which ERA decided to support pertained to Negro suffrage and had nothing to say about female suffrage. It is also true that many of the black suffragists were not free themselves from sexism. But Davis' point is that the feminists might have still supported the cause of black suffrage without giving up the fight for female suffrage. Solidarity with other unenfranchised groups might have strengthened their own movement. Absence of this meant a certain compromise with the male supremacist attitude as well. Davis' analysis of this particular issue may be an object-lesson for feminists in general.

Neither the black woman nor the female worker in general felt attracted to the women's suffrage movement at this stage precisely because of its race and class bias. The feminists would later work within the trade unions and seek to enthuse women unionists with the female suffrage issue. But according to Davis, the demand rose among the women workers only in the early 20th century, when they felt the vote to be a necessary weapon in the fight for their economic and civil rights

as workers (p 143). On the other hand, bourgeois feminists were ill-equipped to fight male chauvinism within the trade unions precisely because they were unable to see the female suffrage issue from the working class perspective. Davis also makes the interesting observation that the National Coloured Labour Union (NCLU) founded in 1869 was much more agreeable to the idea of sexual equality within trade unions than its white counterpart—the National Labour Union. The implication obviously is that having suffered from racist bias within the trade union movement, the NCLU was also naturally more sensitive to other kinds of bias. But as a believer in socialist justice and in the ultimate primacy of class-oppression to other forms of oppression, Davis should have analysed the repercussions of the retrograde racist and sexist attitudes of the white trade unions on working class solidarity in subsequent years. Even if anti-racist and even anti-sexist values are to be found within one section of the working class—the blacks, this is not enough for the socialist movement. One may talk here of the American labour aristocracy and its concession to bourgeois values like racism and sexism; but surely the entire non-black labouring class in America is not coincidental with the America labour aristocracy. In her study of the American suffrage movement, Davis brings out quite clearly “the deep ideological links between racism, class-bias and sexism”, but there seems to be a tendency in her—possibility unconscious—to equate class exploitation with the exploitation and oppression of the black in America. The specific coincidence of the two things in the case of the black worker and his relationship with the rest of the the working class thus does not get its due share of emphasis throughout.

In one of the later chapters, Davis takes up the myth of the ‘black rapist’ and shows how it developed with snowballing effect to give ideological support to lynchings. As Davis points out, after the Civil War, the lynching of Negroes became a widespread phenomenon because it was advertised as a “necessary measure to prevent black supremacy”. Later, after the reversal of the process of Radical Reconstruction, logic of Negro supremacy was no longer operative. But as “the postwar economic structure took shape, solidifying the superexploitation of black labour, the number of lynchings continued to rise” (p 186). It is at this time that the myth of the negro rapist develops as a new mode of terrorising black labour and heightening tensions within the working class. This of course does not mean that the accusation remained confined to the members of the black Working class alone. As in all communal riots, the communal ideology outstripped its actual class-target and violence reached out to the members of the entire community. But Davis’ point is that American feminists even of a later era failed to see the perniciousness of this racist myth, and campaigns against rape were vitiated by an anti-black content which was introduced into it by ideologues like Susan Brownmiller and Shulamith Firestone. The black woman, who had seen the people of her own race being lynched

or prosecuted and punished on trumped-up, rare charges, refused to be involved in the anti-rape campaign although they had, from the time of slavery, been themselves victims of sexual violence from their white masters. Thus the anti-rape movement proceeded without the support of some of the worst victims of sexual violence. This reinforces the logic of Davis' entire critique of the feminist movement in America and shows that the gender-based homogeneity assumed by feminists is constantly undercut not merely as a result of the internalisation of male supremacist ideology by women, but by the objective need to give priority to racial solidarity within a specific historical situation, because here racial solidarity at least to some extent coincides with class solidarity.

Davis' argument in the chapter on "Racism, Birth Control and Reproductive Rights" too is based largely on this partial coincidence of racial with class oppression. The negative freedom for women not to have children cannot exist without the positive freedom of voluntary motherhood. In a capitalist system, child-bearing and child-rearing are always much more of a painful burden for working class women and women workers because of the lack of economic security and motherhood benefits. Only the most hazardous means of birth control are available to them. Moreover, programmes of compulsory sterilisation within such systems are liable to turn into a 'means of eliminating the 'unfit' sectors' of the population as we have seen in our own country during the Emergency. All these have happened in America; in addition, such programmes have been imbued with a racialist undertone stressing the need to keep the coloured population down to a limit. But this affected the feminist birth control circles as well, and from the very beginning, it was assumed that 'poor women, Black and immigrant alike, had a moral obligation to restrict the size of their families'. What was demanded as a 'right' for the privileged came to be interpreted as a 'duty' for the poor' (p.210). Thus the movement for birth control and abortion rights in America is liable to remain confined to the white upper classes unless it also speaks up against sterilisation abuse, according to Davis. She should have added here that the birth control movement also cannot bypass the issue of job security and maternity benefits for women workers, whether black or white.

Davis' last chapter is entitled "The Obsolescence of Housework: a Working Class Perspective". In this chapter, it becomes quite clear that when Davis talks of the black woman, she looks upon her principally as a member of the working class and as part of the labour force herself. Here she points out that women workers, whether black or white, have always been wage-earners, first and only secondarily housewives (p.228). Housework has never been central to their lives. But the black woman worker paradoxically has been more involved in housework than in anything else in her capacity as a wage-earner. The installation of bourgeois woman in the position of the 'housewife' meant

that the system of housework should be perpetuated as the very basis of bourgeois domestic life. This supplies the rationale to the fact that instead of the socialisation of the responsibility of nutrition, health care and child rearing, these basic social needs have been deliberately privatised. Thus the bourgeois home in capitalist society depends, wherever possible, on domestic service which is supplied out of the reserve army of labour. In America it is mainly black or immigrant women who supply this. Though they are not primarily housewives, they earn their wages by doing housework.

It is from the perspective of these women that Davis looks at the 'wages for housework' movement which started in Italy and has gained some force in America. She argues that this movement involving housewives is based on a wrong theoretical premise, namely that the housewife is a secret worker inside the capitalist production process (p 234) and therefore she can demand wages from the capitalist. The worker's labour-power is the commodity which is sold to the capitalist. According to Davis, the sustenance and replenishment of this commodity is a 'pre-requisite' of capitalist production, not part of the production process. Therefore, according to Davis the relationship of the capitalist with the domestic unit of the worker is not an exploitative one. The apartheid system in South Africa enforces sex-segregation and breaks up family life altogether. The fact that the South African employer can use black-labour power even without the family as the medium of its reproduction shows that the family is not integral to the capitalist production process, and therefore outside its exploitative mechanism.

There are several gaps in this argument. The production and maintenance of labour-power as a commodity may be a presupposition of the actual production process but this does not mean that the value of the end-product is not determined partially by the cost of production of labour-power. As Marx says in *Capital* Vol I, at this point, all the the earlier labour processes embodied in the means of production "may together be looked on as different and successive phases of one and the same process". And wage is supposed to be the "cost of existence and reproduction of the worker", i.e., ostensibly the labourer gets paid for the labour-time required to produce his means of subsistence. If the labour power manifested in labour-time which he in reality sells to the capitalist remains partially unpaid for, then his wife's contribution to the maintenance and replenishment of this labour-power is also partially unpaid for. It also goes into the profit made by the capitalist. Thus as a housewife she is certainly being exploited indirectly while her husband is directly exploited. Upto this point Davis' argument is unacceptable from the Marxist point of view. The family may not be an essential factor in capitalist exploitation, but at the same time, where it exists, the capitalist may find it profitable to retain it so as to avoid the socialisation of housework.

But what the 'wages for housework' movement overlooks is the

fact that if the wife's labour is *partially* unpaid for, it is also *partially* paid because wages include the cost of maintenance of the domestic unit which maintains and reproduces the worker. To say that separate wages should be paid for housework contains an implicit acceptance of the capitalist system because it assumes that wages *are* full payment for labour and that the wife's work is unpaid work as *opposed* to the husband's. It tries to isolate that which is an inseparable part of the exploitation of the domestic unit as a whole. This indirect exploitation of the housewife by the capitalist cannot be ended if she is paid for her housework, it can only come through the struggle for better wages and right to work for men and women alike, leading ultimately to the destruction of the wage labour system. As Davis points out, wages for housework ultimately rests on the sexist position that housework is the wife's proper domain. Her example of 'paid' housework involving black or immigrant domestic workers is particularly telling. It shows that direct payment for housework to the worker's wife from the employer does not spell freedom for the former, any more than it does for the 'paid' domestic worker. This cannot be achieved without the socialisation of housework, which in its turn assumes a change in the economy as a whole.

As a female member of an oppressed minority, Davis presents the problems of feminism from a rather unusual perspective. But what is most refreshing about the book is her critical open-mindedness, her refusal to succumb to any kind of 'minority complex' either as a woman or as a member of the black community. Particularly, the question of hegemonic rule, based on race and class factors, within the feminist movement is introduced in her study with candour and courage. This is what makes it compulsory reading for all believers in sexual equality.

Davis' work has a special significance for Third World countries. Today, in many of the advanced capitalist countries with a substantial coloured population women's movements are splitting from seam to seam as a result of separatism between black and white 'sisters'. This does not mean that there is no common platform on which black and white women cannot stand together, but that to make this possible the feminist movement must make itself a part of the broad democratic struggle going on within a particular country. In our country, we may take this failure of Western Feminism as a signal for raising the demand of a specific solidarity of 'Third World women'. But the elimination of racial hegemony, or the hegemony of the 'developed' over the 'underdeveloped' does not necessarily mean the simultaneous elimination of upper class hegemony. This is only possible when the women's movement within a country proceeds in coordination with trade union movements and peasant movements, which are the most advanced forms of democratic struggle.

In our country, we hardly have the tradition of a separate movement of women on women's issues. These issues had an incidental

existence arising out of the extensive participation of women in broad anti-colonial and anti-feudal struggles. Their importance was certainly underplayed. These issues are still of marginal importance in trade union and peasant movements. This emphasises the need for a movement organised by women on women's issues. But it certainly does not mean that such a movement can make much headway without being integrally linked up with Left-democratic struggle. This is the lesson we can take out of the pages of Angela Davis.

MĀLINI BHATTACHRYA

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140

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**WEBER, GRAMSCI AND CAPITALISM ● ECONOMY
AND UK MINERS' STRIKE ● BHOPAL GAS
TRAGEDY ● APOLOGIA- FOR COLONIALISM**

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CONTENTS

Editorial Note

1

Weber, Gramsci and Capitalism

—Asok Sen 3

Economics and the UK Miners' Strike

—Andrew Glyn 23

Bhopal Gas Tragedy

—Delhi Science Forum 32

REVIEW ARTICLE

Economic History or an Apologia for Colonialism

—Suaranjan Chatterjee 54

Articles and review express the views of the authors and not necessarily of the editors or of the Indian School of Social Sciences.

Editorial Note

ANTONIO GRAMSCI was acutely conscious of the fact that class rule and exploitation typically subsists upon an element of social consent which it continually strives to reproduce. In the restructuring of capitalism with increasing state intervention, Gramsci discerned an attempt by capital to consolidate its rule through creating new forms of mass integration, and recreating a mass consensus in favour of capitalism. It is this perception which underlies many of his key concepts like "passive revolutions", "war of position" and "hegemony", and his emphasis that the revolutionary class, which has on its agenda the overthrow of capitalism, has to struggle for social hegemony through ethico-cultural initiatives as well.

In the lead article of the current number of *Social Scientist*, Asok Sen underscores the appositeness of Gramsci's perspective in the struggle for socialism. Unlike capitalism, which developed within feudalism and brought about its dissolution, socialism as a mode of production cannot develop within capitalism; this crucial difference between the two revolutions, which Lenin had pointed out, gives a specific edge and validity in the Gramscian emphasis on counter-hegemony, a validity not confined to the context of advanced capitalism alone, but obtaining with equal force in countries of backward capitalism like ours. He also sees in Gramsci's writing a Marxist counterpoint to Max Weber's gloomy prognostication of a "cage" of bondage, a world "filled with nothing but those little cogs, little men clinging to little jobs and striving towards bigger ones..."

A serious discussion of Gramsci's work has been long overdue in our country. His elevation into an almost cult-figure in certain intellectual circles in the West, and the occasional crude attempts to use his writings as a stick to beat Lenin with, have unfortunately often provoked a counter-response of neglect, or even implicit denigration of this outstanding Communist. We are therefore happy to publish this article, with the hope that it stimulates discussion attempting to locate Gramsci's contribution in the developing body of Marxist theory.

A different, albeit more widely perceived, aspect of the base-

super-structure relationship that so occupied Gramsci is illustrated by the U.K. miners' strike. Historically, even the economic struggles of British miners have had important political repercussions. In the mid-1920's, the miners' strike had triggered off the General Strike in Britain; in the early 1970's, the miners' strike had brought down the Conservative Government of Edward Heath; and now in the mid-1980's, the miners' strike has once again posed the most serious challenge to the political sway of Thatcherism. Andrew Glyn's article, which is of course economic-theoretic rather than socio-historical, sketches the economic background of the current miners' strike, and argues the economic rationale behind the miners' demand. In the process, he raises a number of pertinent theoretical points regarding the appropriate criteria of social rationality for the introduction of technical change in an industry, which students of economics should find particularly interesting.

We also publish in this number the text of the report prepared by the Delhi Science Forum on the tragedy in Bhopal. Nothing perhaps illustrates quite so vividly the utter callousness and insensitivity of our elite as the rapidity with which the tragedy in Bhopal has been forgotten. By publishing this report, we hope to fight this forgetfulness. At a later stage we propose to bring out a special number of *Social Scientist* devoted to an examination of the operation of multinational corporations in our country. We urge the readers to make use of the wealth of information provided in the report for bringing home to as many people as possible the truth about the Bhopal tragedy; that is the least we owe to the memory of the Bhopal dead.

And finally, we publish a review article by Suranjan Chatterjee on the *Cambridge Economic History* volume on modern India which regrettably had to be excluded at the last moment from our December special number owing to space constraints.

ASOK SEN*

Weber, Gramsci and Capitalism

Not summer's bloom lies ahead of us, but rather a polar night of icy darkness and hardness,...

Politics is a strong and slow boring of hard boards. It takes both passion and perspective. Certainly all historical experience confirms the truth—that man would not have attained the possible unless time and again he had reached out for the impossible. But to do that a man must be a leader, and not only a leader but a hero as well, in a very sober sense of the word. And even those who are neither leaders nor heroes must arm themselves with that steadfastness of heart which can brave even the crumbling of all hopes. This is necessary right now, or else men will not be able to attain that which is possible today. Only he has the calling for politics who is sure that he shall not crumble when the world from his point of view is too stupid or too base for what he wants to offer. Only he who in the face of all this can say 'In spite of all!' has the calling for politics.

Max Weber, 'Politics as Vocation', 1918

The crisis we are passing through today is perhaps the worst revolutionary crisis...This new tactic is being tried out in the ways and forms to be expected of a class of chatterboxes, sceptics and corrupt dealers. The succession of events...with all their journalistic, oratorical, theatrical and vulgar echoes...was like the projection into reality of...Monkey-People...Aimless corruption and ruin...The Monkey-People make news, not history...Although these people have damaged the working class and strengthened reaction,...when the dialectic of the class struggle has been internalized and within every individual consciousness the new man, in his every act, has to fight the "bourgeois" lying in ambush...the evil is not decisive: men of good will will still have a boundless field to cultivate again and cause to bear fruit handsomely...If everything lies in ruins, then everything has to be done again.

Antonio Gramsci, Excerpts from 'Political Writings'
September, 1920—January, 1921

Weber on Capitalism

WEBER's analysis of the relation between the protestant ethic and the spirit of capitalism is in some senses akin to a project of hermeneutics.¹ It is a significant example of the application of the Dilthey-Rickert approach to an understanding of the spirit of industrial capitalism. Dilthey distinguished between the sciences of nature and the sciences of the spirit, the subject of the latter being social reality. For him, positivism offered no adequate insight into the nature of society. The central issue was related to the Kantian question of uniting logic and ethics, the areas which involved a separation in the realm of pure reason. Dilthey emphasized the

* Center for Studies in Social Sciences, Calcutta.

importance of analysing consciousness as the only means by which one could proceed from merely egoistic experience to an understanding of the unique spirit characterizing each specific form of human culture arising in history.

Rickert maintained that there were two methods in science. The natural sciences dealt with materials which are the same everywhere and which could therefore be comprehended in universal laws covering all space and time. This is the method of generalized abstraction. The other method is one of individualized abstraction which Rickert considered to be appropriate for the historical sciences. It enables us to understand (*Verstehen*, i.e. 'understanding') the relations between phenomena and moral values, the nexuses most pertinent for comprehending the infinite variety of human culture "each one of which has to be grasped by a *particular* understanding of its own uniqueness. What is thus grasped is a *life style*, a special form of human living, its modes of thought, its ethical norms, its aesthetic achievements".²

Thus, Rickert's methodological observations and Dilthey's search for the 'unique spirit' are combined in what is mentioned above as the 'Dilthey-Rickert' approach of Weber. My reference to hermeneutics should be subject to several qualifications if we bring in the claims and counter-claims of the empirical method, scientific knowledge and hermeneutical cognition. More relevant for our present theme is the point that "Dilthey's main contribution to social scientific thought consists, of course, in his exposition of the method of *Verstehen* in the 'historical *Geisteswissenschaften*' which occupied Max Weber's methodological reflections and which provided the models for all subsequent approaches concerned with the understanding of 'action' ".³

Weber aims at exploring the factors which motivate and sustain the capitalist system. An exposition was necessary which would bear upon the rich congruency of such diverse aspects of a culture as religion and economics.⁴ Neither in *The Protestant Ethic*, nor in his *General Economic History*, did Weber postulate a theory of generalized historical evolution. He was not proving a causal relation between protestantism and capitalism. His main concern lay in an investigation of the influence of certain religious ideas on the emergence of the ethos of an economic system. This should be clear from the following observations in *The Protestant Ethic* :

We have no intention whatever of maintaining that the spirit of capitalism...could only have arisen as the result of certain effects of the Reformation, or even that capitalism as an economic system is a creation of the Reformation...In view of the tremendous confusion of interdependent influences between the material basis, the forms of social and political organization, and the ideas current in the time of the Reformation, we can only proceed by investigating whether and at what points certain correlations between forms of religious belief and practical ethics can be worked out.⁵

Again,

Asceticism was in turn influenced in its development and its character by the totality of social conditions, especially economic. The modern man is in general, even with the best will, unable to give religious ideas a significance for culture and national character which they deserve. But it is, of course, not my aim to substitute for a one-sided materialistic an equally one-sided spiritualistic causal interpretation of culture and of history.⁶

Weber's point of arrival rests on the recognition that the elements which combine to make a society are too complex and too numerous to yield any neat formula for its causal comprehension. Further an "action is 'social' insofar as its subjective meaning takes account of the behaviour of others and is thereby oriented in its course".⁷ Identification of human purposes and motives is inseparable from our understanding of social structure and events. Further, the potential for change and transformation calls for an understanding of things which have not yet occurred and do not yet exist as actual events. Thus, it becomes impossible to have a scientific system inductively based on the observed frequency of the same causes and the same effects. For Weber then, purely economic factors were indispensable, but not by themselves sufficient for understanding the nature of capitalism. One has to take account of 'subjective factors' for a causally sufficient explanation. The subjective factors are shaped by ideas nurturing special psychic traits. Such ideas act complementarily with habitual social conduct to produce the personality types with a distinct orientation towards certain determinate 'maxims' or rules. The subjective meaning will be called valid "if the orientation to such maxims includes, no matter to what actual extent, the recognition that they are binding on the actor or the corresponding action constitutes a desirable model for him to imitate".⁸

Considering social sciences as historical and admitting the crucial importance of subjective influences on causality, Weber faced the task of clarifying the most significant specifics of a social system. The 'ideal type' device was used for constructing numerous elements of reality into logical and meaningful categories. It reminds us of Marx's statement that "In the analysis of economic forms, neither microscopes nor chemical reagents are of use. The force of abstraction must replace both".⁹ The 'ideal type' abstraction consists in what Weber indicated "by the one-sided accentuation of one or more points of view and by the synthesis of a great many diffuse, discrete, more or less present and occasionally absent concrete individual phenomena, which are arranged according to those one-sidedly emphasized viewpoints into a unified analytical construct".¹⁰

There remains the question of the elements constituting such abstraction, such accentuation and one-sidedness. It cannot but be related to an investigator's view of the problematic, to the selection of the essential questions which an historian and a social scientist must always make, "since

they necessarily approach reality from certain points of view which are determined by their value-orientation".¹¹ Such presuppositions do not by themselves ensure conceptual precision. This is where the function of the 'ideal type' comes to have critical significance. It does not imply anything good or noble. Nor does it indicate an extremely novel method of analysis. An 'ideal type' meets the purpose usually served by a hypothesis or a model to explain a social system in terms of its central agencies and relations, its intentions and activities. Though not exactly exemplified in reality, an 'ideal type' helps to clarify the action parameters and also the elements of human motivation absorbed in them which govern the significant causal processes of society. Such is this tool of placing in focus the social phenomenon and its full meaning.

In specifying the various components of capitalism, Weber pointed to the division between property-owning capitalists and property-less workers, and to the exclusive opportunities the owning class secures for exploiting services on the market, control over the means of production, capital funds and marketable commodities. The workers are deprived of all such opportunities. Their wages are kept at the minimum. The workers can have no other choice since the system eliminates their occupation of own plots of cultivable land and also the possibility of their craft-work with own tools. To sum up, the essential conditions are (i) unrestricted struggle between autonomous economic groups in the market, (ii) money economy, (iii) formally free labour, (iv) unrestricted market freedom, (v) expropriation of the workers from the means of production, (vi) individual ownership.¹²

In all this, however, Weber sees neither the elements of contradiction leading to economic crises, nor the role of the class struggle acting for the supersession of the system. For him, capitalism is based on rational pursuit of wealth and it "is present wherever the industrial provision for the needs of the group is carried out by the method of enterprise, irrespective of what need is involved. More specifically, rational capitalistic establishment is one with capital accounting, that is, an establishment which determines its income-yielding power by calculation according to the method of modern book-keeping and the striking of a balance".¹³

One commentator rightly points out that "Weber's pious reverence for the ledger makes it the sacred book of the religion of making money. When one first reads the above passage the sudden descent from the sublime to the banal comes with a slight shock—'book-keeping and the striking of a balance'".¹⁴ I have noted already how Weber cautioned against overestimating the role of protestantism in the genesis of capitalist society. But his presupposition about the 'ideal type' of capitalist rationality, which Weber also regarded as the value inherent in the subjective choices of the system placed the highest premium on the idea of Calvinist calling as "not a condition in which the individual is born, but a strenuous and exacting enterprise to be chosen by himself, and to be pursued with a sense of religious responsibility".¹⁵ The emphasis such 'calling' places on this-

worldly asceticism fits with the capitalist pursuit of profit for accumulation.

Thus, the spiritual affinity of a particular world-view with the capitalist economic practice and its achievement-orientation was central to Weber's arguments about bourgeois rationality. He applied the distinction between 'traditionalism' and the spirit of capitalism not only to capitalist entrepreneurs and their business-ethic, but also to workers. Traditionalism is characterized by workers who prefer less work to more pay, seek maximum of comfort and a minimum of exertion, and lack the ability and willingness to adapt themselves to new methods of work.¹⁶ Weber elaborated a typology of gainful pursuits to focus on the nature of economic activity thriving on long-range capital investments, application of science-based technology and improvements in productivity. Those were the directions of rational pursuit of economic gain distinct from purely speculative profiteering.¹⁷

But whether he idealized the aspiring bourgeoisie or revealed the innermost subjective motivations of capitalism, Weber admitted in the concluding pages of *The Protestant Ethic* :

Since asceticism undertook to remodel the world and to work out its ideals in the world, material goods have gained an increasing and finally an inexorable power over the lives of men as at no previous period in history. Today the spirit of religious asceticism—whether finally, who knows?—has escaped from the cage. But victorious capitalism, since it rests on mechanical foundations, needs its support no longer. The rosy blush of its laughing heir, the Enlightenment, seems also to be irretrievably fading, and the idea of duty in one's calling prowls about in our lives like the ghost of dead religious beliefs.¹⁸

Further, *General Economic History* concluded on the following note :
"The religious root of modern economic humanity is dead; today the concept of the calling is a *caput mortuum* in the world. Economic ethics arose against the background of the ascetic ideal; now it has been stripped of its religious import. It was possible for the working class to accept its lot as long as the promise of eternal happiness could be held out to it. When this consolation fell away it was inevitable that those strains and stresses should appear in economic activity which since then have grown so rapidly."¹⁹ Such statements notwithstanding, the historical prospects for transcending capitalism had no place in Weber's theory. His tone remained rather pathetic "trying to understand the meaning of all existences, individual or collective, endured or chosen, without concealing either the weight of social necessities pressing on us or the ineluctable obligation to make decisions which can never be scientifically demonstrated".²⁰

The issues become more complicated as Weber proceeds to explain the structure of legitimate capitalist domination in terms of rationality. Among his three 'ideal types' of power, rational domination abides by belief in legal ordinances and rests also on the belief in the legality of those

who administer power. Weber considered such legal authority as the essential element of the modern rational state. Apart from bureaucracy, parliamentary administration and all sorts of collegial authority would be covered by this type. The idea of rational action in relation to a goal is inextricably connected with the concept of rational domination. The other two types, traditional and charismatic, are associated with sentiment and emotion respectively. Weber did not, however, rule out the possibility of the mixing of types in a particular kind of real authority.²¹

As observed by Weber, bureaucracy promotes expertise, connects job security with regular and consistent performance of duties which are clearly defined, builds a coherent system of authority and subordination and ensures the right of the superior to regulate the work of his subordinates.²² Given the Weberian propositions about capitalist rationality, such a system unceasingly strives for creating conditions which would allow a maximum of productivity and a maximum degree of efficiency. Correlatively, the further advance of capitalism was inevitably tied up with the rise of ever more efficient bureaucracies, and an even greater degree of formal rational organisation at all levels of social interaction.²³

No doubt, the political conditions of Germany in the post-Bismarckian era influenced Weber's formulations regarding the role of bureaucracy in the expansion of industrial capitalism. The unification of Germany under the leadership of Prussia was attained at a premium on the latter's semi-feudal autocracy resting upon Junker landlordism, the civil service bureaucracy and the officer corps. In 1848, Marx characterized the bourgeoisie of his own fatherland as being "without initiative, without faith in itself".²⁴ About half a century later in 1895, Weber felt: "*The threatening thing in our situation...is that the bourgeois classes, as the bearers of the power-interests of the nation, seem to wilt away, while there are no signs that the workers are beginning to show the maturity to replace them. The danger does not...lie with the masses. It is not a question of the economic position of the ruled, but rather the political qualification of the ruling and ascending classes which is the ultimate issue in the social-political problem*".²⁵ Perhaps this explains why Weber needed an 'ideal type' bureaucracy to fulfil what he considered the rational conditions of capitalist development.

One can note a deep tension in Weber's writings as his theoretical system ends up in what was characterized by him as a 'cage of bondage' for men who were supposed to act freely and rationally in keeping with the Weberian 'ideal types'. A process of rationalisation working in society was built into Weber's system, point by point, as the essential condition of capitalism. The capitalist dynamics, its internal contradictions and conflicts, led to consequences which, apart from the questions of exploitation and misery of the multitude, could not even be reconciled with the rationale for pursuing more and more profits. As noted already, Weber himself observed that "the idea of duty in one's calling prowls

about in our lives like the ghost of dead religious beliefs”.

For Weber again, bureaucratic domination results from the requirements of the division of labour, of technological and professional expertise which are indispensable for the implementation of rational technology in production. This is the point Weber uses to argue that socialist transformation would not do away with bureaucratization. Bureaucratic domination corresponds to an inescapable techno-economic law in Weber's scheme of things. Only this can ensure a full implementation of all the elements listed under Weber's type of pure legal rule; they are now “administered by an almighty bureaucracy in accordance with a closely knit network of laws and regulations of a purely formalistic nature, which would leave little or no space for individually oriented creative action”.²⁶ To obviate extreme oppression and routine stagnation under such systems, Weber of course admitted the possibility of their fusion with some charismatic elements (viz. his concept of plebiscitarian democracy).

Weber's own portrayal of such a state of things was dark enough:

No one knows who will live in this cage in the future, or whether at the end of this tremendous development entirely new prophets will arise, or there will be a great rebirth of old ideas and ideals, or, if neither, mechanized petrification, embellished with a sort of convulsive self-importance. For the last stage of this cultural development it might well be truly said: “Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before achieved.”²⁷

Weber refrained, however, from ‘judgements of value and faith’ and could not perceive the ‘spirit’ of any civilisation beyond capitalism. To the extent Weber started from the conviction that social actions expressed a deeper reality of subjective intentions and ethic, he was trying to adopt an emanative approach in his understanding of the capitalist system. This was evident in his concern for the ‘spirit’ and also in the construction of his ‘ideal types’ of rational behaviour. The rest of Weber's system takes recourse to analytic logic (empiricism, rationalism, positivism) and offers causal explanations of human actions without adding anything to their external aspect.²⁸

Moreover, Weber used reason to close and enclose the world in a rigid system of capitalism working for its profits. And science was supposed to ensure that the world would be tidied up in order that reason could prevail in the ‘ethical’ pursuit of private profits. This world had its classes, strata, institutions of domination and modes of expropriation. But all this is subsumed under rational calculation, which shapes into a kind of economic determinism to transform “what previously was only a ‘means’ (rational pursuit of gain in a specialised vocation) into the ‘end’ of human activity”.²⁹ There is indeed an element of paradox in this journey from the calling of this-worldly service to God, to an inexorable economic determinism expressed as follows: “This masterless slavery in

which capitalism enmeshes the worker or the debtor is only debatable ethically as an institution. In principle, the personal conduct of those who participate, on either the side of the rulers or of the ruled, is not morally debatable, as such conduct is essentially prescribed by objective situations. If they do not conform, they are threatened by economic bankruptcy which would, in every respect, be useless."³⁰ Capitalism can work but not without its satanic wheels.

While Weber's 'ideal types' are all immersed in protestant ethic and bourgeois consciousness, his method of analysis rules out that contradictions within capitalism generate the forces to resolve such contradictions. All his concern for religious ethic notwithstanding, Weber bases himself on the premise of human individuals as self-contained atoms and finds no clues to collective consciousness as something more than an arithmetical sum of autonomous and independent unities. His 'ideal types' are not understood in terms of a dialectical interaction within the totality of relations, the whole and its parts. And so Weber's categories did not enable him to identify the potential for superseding capitalism, even though he once declared that "the fact that the maximum of *formal* rationality in capital accounting is possible only where the workers are subjected to domination by entrepreneurs, is a further specific element of substantive irrationality in the modern economic order."³¹

From Weber to Gramsci

We have pointed to the paradox and pessimism of Max Weber's analysis. The strength of his position lies, no doubt, in not abstracting the socio-economic experience of capitalism from its basic value-system. He knew capitalism as he found it and also in terms of the absolute presuppositions inherent in the bourgeois ethic. Weber made it clear that the overthrow of capitalism would require a change in the very ethos of human social action which made sense to individuals in terms of their belief in an 'oughtness'. He stressed the correspondence between a set of moral principles and a particular social and historical context. In his appraisal of the Marxian theory, however, Weber took a position assailing economic determinism and the so-called prediction of 'increased pauperisation', criticisms which would not apply to Marx's system except in its vulgarized and mechanistic versions.

For Marx, the way to founding a new mode of production depends on its validity as an entire social alternative. The faculty of a class to become really revolutionary and eventually the ruling power, in society and state, has to emerge and achieve hegemony in this process of validation. The building of such hegemony comprises all the dimensions of human social living, not only the instruments of enriching a particular class, but also the whole complex of advancing social production, ideas and ethos, whereby the gains of a particular class can acquire the leverage of historical progress.

This concept of progress does not hang on a purely metaphysical belief. It is based on the comprehension of history as a significant movement which is subject, in its cunning passages, to aborted opportunities, reversals, or even denials, but also provides the criterion by which production forces and production relations could be reorganised in terms of a perspective envisaging the end of all exploitation of man by man and the human social preference for life, health and sustenance rather than death, disease and alienation. All this is man's making and unmaking and relates human consciousness to the course of history. While progress is possible and necessary in history, it cannot be realized without conscious human action.

Another part of Weber's diagnosis has more lasting relevance for our understanding of social transformations through the present century. As noted already, Weber argued that socialism would provide no solution for the problem of bureaucratic domination. While most of Weber's observations had a necessary connection with his logic of the consistent working out of the bourgeois ethic, increasing bureaucratization was caused by the needs of developed industrialism which, in Weber's view, would become stronger under socialism. Indeed, Weber's perspective for the future, which he set forth in reaction to bureaucratic absolutism in imperial Germany, amounts to what has been called an "early formulation of George Orwell's 1984":

It is horrible to think that the world could one day be filled with nothing but those little cogs, little men clinging to little jobs and striving towards bigger ones—a state of affairs which is to be seen once more, as in the Egyptian records, playing an ever-increasing part in the spirit of our present administrative system, and especially of its offspring, the students. This passion for bureaucracy is enough to drive one to despair. It is as if in politics...we were deliberately to become men who need "order" and nothing but order, who become nervous and cowardly if for one moment this order wavers, and helpless if they are torn away from their total incorporation in it. That the world should know no man but these: it is such an evolution that we are already caught up, and the great question is therefore not how we can promote and hasten it, but what can we oppose to this machinery in order to keep a portion of mankind free from this parcelling out of the soul, from this supreme mastery of the bureaucratic way of life.³²

And Weber's premonition is confirmed in what responsible and committed sociology of our day considers to be a major problem: "I do not know the answer to the question of political irresponsibility in our time or to the cultural and political question of the 'Cheerful Robot'. But is it not clear that no answers will be found unless these problems are at least confronted?"³³

Weber's observations cannot belie the Marxist understanding of the

capitalist contradictions and their revolutionary supercession in history. This is not to ignore the changes which result from new technological revolutions, the increase in the weightage of skilled personnel among the working class, and the expansion of the service sector. No less important are the points of coalescence between bourgeois state power and the world of oligopolies in the stage of state monopoly capital. There is also the permanent arms economy which uses up, better say squanders, an enormous amount of resources that capitalism cannot direct towards the production of 'instruments of life'.³⁴ Such are the ways and means of late capitalism to concede a part of the trade union demands and to make up for the extremes of unemployment with a growing tertiary sector and chronic inflation.³⁵

But post-keynesianism and the so-called 'supply-side' masks notwithstanding, capitalism shows little evidence of becoming free from recurrent recessions and the persistence of considerable unemployment even at the peak of each cyclical boom. In its international dimension, the experience is even more sinister when one takes account of the endless squabbles over common or exclusive markets and of the economics and politics of neo-colonial rampage in the poor countries of the world. Thus, even in conditions of maximum 'prosperity' under late capitalism, the capitalist contradiction between private property and social production still proves insoluble within the structural limits of that system.³⁶

The issues are more complex when we take up the question of the proletariat becoming a 'class for itself', of its clarity of awareness and conscious commitment to change the world. For Marx of *The Communist Manifesto*, the inexorable contradictions and conscious revolutionary action by the exploited would come together, since he had reasons to assert that capitalism did lack even the competence "to assure an existence to its slave within his slavery". But capitalism today engineers an economy of armaments and waste to give to its workers "the place of the slave within his slavery", a process aiming to reduce the working people to the atrophy of Marcuse's 'one-dimensional man'. This has a critical bearing on the pattern and orientation of the working masses, including among them the new middle class variant of professional workers and white-collar employees.

Such are the historical circumstances that must have influenced the state of things which Perry Anderson interprets in his survey of developments in 'Western Marxism' since 1920: "No matter how otherwise heteroclite, they share one fundamental emblem: a common and latent *pessimism*. All the major departures or developments of substance within this tradition are distinguished from the classical heritage of historical materialism by the darkness of their implications or conclusions. The confidence and optimism of the founders of historical materialism, and of their successors, progressively disappeared. Virtually every one of the significant new themes in the intellectual muster of this epoch reveals the

same diminution of hope and loss of certainty."³⁷

No less pertinent are Perry Anderson's observations regarding the historical context: "Born from the failure of proletarian revolutions in the advanced zones of European capitalism after the First World War, it developed within an ever increasing scission between socialist theory and working-class practice. The gulf between the two, originally opened up by the imperialist isolation of the Soviet State, was institutionally widened and fixed by the bureaucratization of the USSR and of the Comintern under Stalin."³⁸

We should then consider the emphasis that Antonio Gramsci placed on the struggle for class hegemony, for cultural and moral predominance *prior to* the capture of state power by the working class. Related to the theme of this paper, some of Gramsci's ideas become all the more relevant because of the apparent similarity between his emphasis on the superstructure and what is often understood as the primacy of religious and cultural factors in Weber's interpretation of history. This has to bear upon the different interpretations of the base-superstructure relationship.

Further, with reference to the problems of retarded working class consciousness and Perry Anderson's picture of pessimism, we must remember Gramsci's own experience of the failure of the proletarian revolution in the countries of advanced capitalism, the emergence of the Fascist state, the 'New Deal' type reforms of capitalism from above following the world slump of 1929, and the aggravation of contradictions in the course of socialist construction in the Soviet Union. No elaborate discussion of Gramsci's thought is intended in this paper. Let us simply focus upon the central issues of building socialist counter-hegemony under conditions of late capitalism and also in the more underdeveloped stages of contemporary history. In view of the nature of the problem I have already stated, such tasks not only mean the posing of a real historical antithesis to Weber's premonition, but are also indispensable for a reversal of the mood of pessimism which concerns many marxists like Perry Anderson and which again is implied in the analysis of a thinker who is not anti-marxist by calling or commitment: "Bureaucratic terror and the cult of personality are just another expression of the relation between the constituent dialectic and the constituted dialectic, that is to say, of the necessity that a common action as such (through the multiple differentiation of tasks) should practically reflect upon itself in the untranscendable form of an individual unit."³⁹

For Gramsci, hegemonic power is not only coercion, but also 'directing' by the token of consent obtained from the governed. Civil society defines the sphere where such a 'directing' role is achieved. It encompasses significant ethico-cultural dimensions which are not amenable to adequate understanding in terms of the economic factor alone. This is not to ignore the criterion of advancing production forces since "this consent is 'historically' caused by the prestige (and consequent confidence)

which the dominant group enjoys because of its position and function in the world of production."⁴⁰

The political struggle of the proletariat and its party has to aim therefore at an alternative hegemony. The question of social hegemony had its vital place both in earlier marxian writings and in Lenin's statement of the total task in *What Is To Be Done?* The latter embraced its own specifics of tactics, strategy and organisation in the historical context of Czarist Russia typifying state omnipotence and immature civil society. The importance of ethico-political and cultural factors was writ large over the entire evolution of the Gramsci's politics and philosophy of praxis. For example, while focusing upon workers' productivism in the Turin factory councils, Gramsci was never simply advocating improved industrial management *per se*. He strove to initiate the factory councils for critical ethico-political mediations of proletarian values and a new cultural totality in making.

It should be clear to communist orthodoxy that Gramsci was moving with historical reality by not placing the entire emphasis on the contradiction between production forces and production relations or, in other words, on capitalist production relations being outpaced by the advance of production forces. In his comments on 'Americanism and Fordism', Gramsci clarified the directions of advanced capitalism to newer manoeuvres of assimilating wage-workers to 'scientific' management and advancing productivity.⁴¹ Such tendencies have assumed a multiplicity of forms in the development of capitalism since the Second World War. Consequently, the development of productive forces is combined with an enormous growth of differential practices within the working class. These are the processes which fragment and parcellize the proletariat under the sway of advancing technology. Moreover, an expanding volume of 'institutionalised waste'—exemplified by the growth of the tertiary sector securing cultural domination of capital and its commodity fetishism—is realized with the support of huge profits from technological advance.⁴²

All this coincides with increasing state intervention in the social sphere. State monopoly capitalism leads to extensive politicization of social conflicts. By its work in the economy, the state transforms politics and influences the class structure and its dialectic. Gramsci characterizes as 'passive revolution' these tendencies and their contribution to forming a mass consensus in favour of capitalism. It amounts to a restructuring of capitalism through state initiative to consolidate bourgeois domination by means of new forms of mass integration.⁴³ Against this complex of capitalist domination Gramsci's concept of hegemony, his 'war of position'⁴⁴ to evolve a 'historical bloc'⁴⁵ and his emphasis on ethico-cultural mediation in civil society sets the political task of the communist struggle in its totality.

While Gramsci's 'philosophy of praxis' is obviously more relevant to the historical context of advanced capitalism, it is noteworthy that"

...so far from being marginal, the concept of passive revolution as a critical corollary of the marxian problematic of transition possibly allows for a new, global interpretation of the involvement of politics in the overthrow of a mode of production. If we take the study of *politics of transition* to consist in a critical analysis of the dialectic between historical bloc and institutional forms, then passive revolution emerges as 'a general principle of political art and science'.⁴⁶ Gramsci contraposed the struggle for social hegemony against state expansion and the passive revolutions of capital.

Coming to our proximate national experience, an analogy is visible in conditions of relative underdevelopment when bourgeois domination endeavours to continue its rule through an amalgam of expanding state sector, bureaucratic power, and populist mobilization.⁴⁷ This may be combined again with the political slogan of justice for the poor, while in reality extreme inequalities characterize an economy infested with corruption, black money, slow and uneven growth, and, above all, the conditions of duality in which about 20 per cent or a little more of the population are increasingly assimilated into the realm of capitalism, the rest being abandoned to a peripheral wilderness. Amidst such historical circumstances, socialist and national motivations can fuse only at a level where anti-imperialism also resolves to struggle against internal capitalist expansion. On the contrary, as those conditions of duality take shape; the politicians, the officials, the experts and even the working people and their agencies are engrossed in the segment of capitalist assimilation. There is only a passive participation in the continuous extension and growing legitimacy of the institutional processes of the capitalist state order. They all move in the vicious circle of private or corporative egoism and bureaucracy, and act through their ignorance, their greed, their 'formal reason' and ethic of self-seeking divorced from the premises and ends of an alternative hegemony.

Under such conditions again, marxism is required to take-up the task of combining with its political goals the social and ethico-cultural initiative which Gramsci considered to be of vital importance. Thus, the characteristic contradictions may call for the same level of praxis in countries of advanced and backward capitalism, even though their socio-economic conditions are so widely different. While admitting the need for different programmes, such variations will justify the same concern for the task of alternative social hegemony.

Coming back to Weber's despair about the hiatus between formal reason and substantial rationality, we can now link it to the general problem of social hegemony and power in the stages of historical transition. It should then be possible to recognise Gramsci's 'passive revolution' "as a potential tendency intrinsic to every transitional process."⁴⁸ As regards the transition from feudalism to capitalism, the on-going debate through the recent decades makes it clear that Marx's 'two ways' are associated with the variants of absolute monarchies, their

different mercantilist policies and the role of a nascent bourgeoisie in building its own social hegemony.⁴⁹ We have noted earlier the interaction between the specific context of German history and Weber's identification of bureaucracy as the institution of rational domination for the advance of industry and technology. A reference can also be made to Gramsci's reflections on the experience of a 'passive revolution' in the history of capitalist transition in Italy.⁵⁰

The three couples in Marx's theory, viz. production forces/production relations, base/superstructure and civil society/state, still serve as vital elements in our understanding of historical processes. Gramsci's use of categories like 'social hegemony', 'historical bloc', 'passive revolution' and/or 'manoeuvre' clarify with several examples the interaction of those vital elements in specific conjunctures of history. And, what is perhaps of more importance for avoiding a positivist predilection of marxist orthodoxy, Gramsci's analysis reveals how, in the logic of dialectics, the reality of interaction and praxis prevails over causal primacy and determinate reduction.

Thus, the metaphor apart, the relation of the base to the superstructure must not be considered as that of two different planes where the former determines the latter. In his letters and notes on the historical role of ideologies, Engels made clear that a historical factor can react upon its own conditions. In his famous historical writings Marx never reduced the multiplex reality of revolution and counter-revolution to a scheme of economic determinism. His reflections on civil society encompassed the totality of economic and non-economic factors in their continuous reciprocity. For Marx, "History, to be intelligible, must show the economic and social origin of events in their oecumenical validity."⁵¹ Gramsci's concept of social hegemony is rooted in the same necessity for validation.

The emphasis on reciprocity does not ignore the crucial role of the mode of production in marxian analysis. No such default creeps in when we duly recognise that the base/superstructure couple clarifying our understanding of the mode of production is complementary to the state/civil society relation in our total comprehension of historical processes. There obtains the dialectic of the parts and also of the parts and the whole in the totality of a decentred structure. This should take us to the crucial problem of mediation in marxian theory which points not only to the genesis of a new stage within the 'womb' of the old order; but also to the role of a rising class and its consciousness in such a making of history. We can then answer the question of a dichotomy between 'scientific' and 'critical' marxism raised in one incisive sociological analysis of our time.⁵²

Indeed, the orthodox understanding of the base/superstructure relationship may have been influenced by some peculiarities of the emergence of capitalism in history. The origin of the bourgeoisie within

the feudal mode of production instantly objectifies some alternative forms of production and circulation. It can even suggest a priority of the economic base in the general course of historical transition. Lenin pointed out the other experience associated with the transition from capitalism to socialism :

One of the fundamental differences between bourgeois revolution and the Socialist revolution is that for the bourgeois revolution, which arises out of feudalism, the new economic organizations are gradually created in the womb of the old order, gradually changing all the aspects of feudal society.....the difference between Socialist revolution and bourgeois revolution lies precisely in the fact that the latter finds ready forms of capitalist relationships; while the Soviet power—the proletarian power—does not inherit such ready-made relationships, if we leave out of account the most developed forms of capitalism, which, strictly speaking, extended to but a small top layer of industry and hardly touched agriculture.⁵³

In fact, even the most highly developed capitalist concentration is quite different from a system of socialist relations, while the advance of capitalist production both in terms of forces and relations was often significant *within* the feudal order. Analysing the role of class consciousness in history, Lukacs also noted that “*Capitalism already developed within feudalism, thus bringing about its dissolution.*”⁵⁴ Again, “The rival systems of production will not co-exist as already perfected systems (as was seen in the beginning of capitalism within the feudal order). But their rivalry is expressed as the insoluble contradiction *within* the capitalist system itself : namely as crisis.”⁵⁵ Gramsci realized how the dominant bourgeoisie aimed at absorbing this crisis in a passive revolution. His counter-strategy placed emphasis on the ‘war of position’ for achieving alternative social hegemony. It followed that ethico-political mediation would have a premium in that strategy. There is therefore little reason to hold that Gramsci works out an inversion of the base-superstructure relationship. True to the marxian tradition, he, in fact, implied no one-way reduction of the superstructure to the base or, vice-versa, of the base to the superstructure.

On a more elaborate analysis it is possible to discover some ambiguities and antinomies⁵⁶ in Gramsci’s *Prison Notebooks* written under obtrusive conditions and extraordinary circumstances. The central point of his arguments remains extremely valuable insofar as it immensely enriches the content and perspectives of marxist praxis by locating the element of consent in the material structure and cultural components of class rule and exploitation. It is a more complex question to answer how such mediation will take place. No less complicated is the real task of avoiding reformism and adventurism in giving effect to the strategies of the ‘war of position’ and the ‘war of manoeuvre’. Gramsci himself would even evoke an ‘optimism of the will’ against the ‘pessimism of

the intellect' and he did conceive of the task of counter-hegemony long before 'passive revolution' emerged as a general phenomenon of contemporary capitalism.

We cannot ignore the unknowns and uncertainties of real history. While there is evidence to indicate that 'Eurocommunism' in Italy promises the new to be born,⁵⁷ one cannot wish away the practical and ideological factors accounting for the differences between 'Gramscians of the left' and 'Gramscians of the right'.⁵⁸ The very fact of passive revolution can lead to a quality between two types of endeavour—one to achieve hegemonic structural reforms based on mass support and the other to secure significant strength within the existing parliamentary system.

Again, at a different world pole, the maoist empathy for 'revolution from below' and for the critical role of the peasant communes appears to have produced results not quite consistent with its goals. One need not be blind to the achievements of socialism through this century in order to give Sartre's diagnosis its due—the danger of scarcity being schematized as the universal crystallization of bureaucracy after every socialist revolution in the backward countries.⁵⁹ Capitalism provides a far worse alternative for such countries. We can perceive Gramsci's aim to prevent "the proletariat of Western Europe and the United States from being kept quiet by bread and circuses, passively waiting for decadence and destruction".⁶⁰ Things are not improved when in our own circumstances we can have circuses even without bread for the multitude.

This has been a long journey from Weber's 'pessimism of the intellect' to Gramsci's 'optimism of the will'. Even then the point of arrival may require more clarification in the light of what is conventionally known of politics as the art of the possible. Let us not miss the dangerous portents faced by mankind today by its passage to a technological stage where even the threat of nuclear destruction can be a tool of wild imperialist strategy. In all probability, we may have completely exhausted the political process which, in Weber's view, "is a complete parallel to the development of the capitalist enterprise"⁶¹ and where "the internal premiums consist of the satisfying of hatred and the craving of revenge."⁶² For Weber again, such reflexes of class struggle were associated with the immutable bourgeois ethic and its external premiums of incentives and returns.

Gramsci proposed to reach beyond the very limits of the bourgeois rules of the game in his calling for ethico-political mediation. The real issues of such praxis take us once again to what Marx observed about the distinct goal of his materialism: "The standpoint of the old materialism is civil society; the standpoint of the new is *human* society or socialized humanity."⁶³ It is something more than mere philosophical affinity that links Gramsci's ethico-political mediation with Marx's social humanity. In Weber's vocabulary, the identity is, one of a new ethic, of a new *Weltanschauung*. True to that identity Gramsci's challenge of alternative

social hegemony acquires immense significance when capitalism manages to live on an involution of expanding production forces which can thereby advance and also perpetuate the exploitative production relations. Such manoeuvres do not remain confined to the advanced capitalist countries only.

There are the questions of mediation, of its form and content encompassing what Marx and Lenin considered the task of 'educating the educators'. Gramsci could not live to work out the practical directives of a new programme for his 'modern prince'. It is necessary to appreciate that Gramsci's emphasis on the superstructure is not in opposition to marxism but a development of the tradition committed to changing the world. No less significant is the historical tendency toward passive revolutions in many conjunctures of transition from both developed and underdeveloped capitalism. But no ready answers automatically follow for many critical questions of mediations or of the principles and style of organisation suitable for Gramscian politics. This, surely, is the terrain on which Gramsci is to be deployed most usefully⁶⁴; the ground on which his philosophy of praxis can be conducted for the elimination of capitalism. Capitalism evolves new ways of domination by bringing the masses into politics. In this process, capitalism functions today as an 'artful perverter of joy and keen exploiter of strength' by binding man to be an animal "that has learned to survive 'in a fashion', to multiply without food for the multitudes, to grow up healthily without reaching personal maturity, to live well but without purpose, to invent ingeniously without aim, and to kill grandiosely without need."⁶⁵ Here lies the crucial import of Gramsci's resolution to fulfil sufficiently the socialist function of mediating historical advance towards a human renewal. He strove to achieve mass initiative for unceasing ethico-political action which would create a consciousness with the will and ability to transcend capitalism, that Weberian cage of 'cowardly' 'little men'.

- 1 Ephraim Fischhoff, 'The History of a Controversy' in Robert W. Green (ed), *Protestantism and Capitalism—The Weber Thesis and Its Crisis*, Boston, 1959, p. 113-114.
- 2 John Lewis, *Max Weber and Value-free Sociology*, London, 1975, p. 29.
- 3 Josef Bleicher, *Contemporary Hermeneutics—Hermeneutics as Method, Philosophy and Critique*, London, 1980, p. 26.
- 4 Ephraim Fischhoff, *Loc Cit*, p. 113.
- 5 Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, (tr. Talcott Parsons), London, 1950, p. 91-92 (*The Protestant Ethic*).
- 6 *Ibid*, p. 183.
- 7 Max Weber, *Economy and Society*, (ed. Guenther Roth and Claus Wittich), Vol. I, Part 1, Berkeley/London, 1978, p. 4 (*EaS*).
- 8 Max Weber, *The Theory of Social and Economic Organisation*, (ed. Talcott Parsons), New York, 1966, p. 124 (*TSEO*).
- 9 Karl Marx, *Capital*, Vol. 1, Preface to the First Edition.
- 10 Julien Freund, *The Sociology of Max Weber*, New York, 1968, p. 60. from E.A. Shils and H.A. Finch, 'Max Weber on the Methodology of Social Sciences'.

- 11 *Ibid*, p. 61.
- 12 *EaS*, Vol. 1, Part 2, p. 107-109, 161-164; TSEO, p. 246-250; Max Weber, *General Economic History* (tr. Frank H. Knight), New York, 1961, p. 207-209 (GEH).
- 13 *GEH*, p. 207.
- 14 John Lewis, *Op Cit*, p. 70.
- 15 *The Protestant Ethic*, Introduction by R.H. Tawney, p. 2.
- 16 Reinhard Bendix, *Max Weber—An Intellectual Portrait*, London, 1969, p. 51-52.
- 17 *EaS*, Vol. 1, Part 1, p. 161-166; *GEH*, p. 230-233.
- 18 *The Protestant Ethic*, p. 181-182.
- 19 *GEH*, p. 270.
- 20 Raymond Aron, *Main Currents in Sociological Thought*, Vol. 2, Penguin Books, 1968, p. 259.
- 21 H.H. Gerth and C. Wright Mills, *From Max Weber: Essays in Sociology*, New York, 1958, Ch. VIII; Wolfgang J. Mommsen, *The Age of Bureaucracy—Perspectives on the Political Sociology of Max Weber*, Oxford, 1974, Ch. III.
- 22 Gerth and Mills, *Op Cit*, p. 196.
- 23 *Ibid*, p. 232-244; Mommsen, *Op Cit*, p. 57.
- 24 Karl Marx, 'The Bourgeoisie and the Counter Revolution' in *The Revolutions of 1848*, Penguin Books, 1973, p. 194.
- 25 Anthony Giddens, *Politics and Sociology in the Thought of Max Weber*, London, 1972, p. 17. The excerpt is cited in translation from 'Gesammelte politische Schriften', the standard collected edition of Weber's political writings.
- 26 Mommsen, *Op Cit*, p. 82.
- 27 *The Protestant Ethic*, p. 182.
- 28 Lucien Goldmann, *The Human Sciences and Philosophy*, London, 1970, p. 125.
- 29 Anthony Giddens, *Capitalism and Modern Social Theory—An Analysis of the Writings of Marx, Durkheim and Max Weber*, Cambridge, 1971, p. 241.
- 30 Gerth and Mills, *Op Cit*, p. 58. Also *EaS*, Vol. 2, p. 1186, where the translation reads as follows: "From an ethical viewpoint, this 'masterless slavery' to which capitalism subjects the worker or the mortgagee is questionable only as an institution. However, in principle, the behaviour of any individual cannot be so questioned, since it is prescribed in all relevant aspects by objective situations. The penalty for non-compliance is extinction, and this would not be helpful in any way."
- 31 *EaS*, Vol. 1, Part 1, p. 138.
- 32 Reinhard Bendix, *Op Cit*, p. 464. The excerpt is quoted from J.P. Mayer, 'Max Weber and German Politics', London, 1943, p. 127-28. These remarks were made in the course of a debate at the convention of the *Verein für Sozialpolitik* in 1909. Bendix makes the comparison with George Orwell.
- 33 C. Wright Mills, *The Sociological Imagination*, Pelican Books, 1970, p. 195.
- 34 Shigeto Tsuru, "Has Capitalism Changed?" in Shigeto Tsuru (ed.), *Has Capitalism Changed*, Tokyo, 1961, p. 37.
- 35 Ernest Mandel, *Late Capitalism* (tr. Joris De Bres), London, 1980, Ch. 12, 13, 17.
- 36 *Ibid*.
- 37 Perry Anderson, *Considerations of Western Marxism*, London, 1979, p. 88-89. (*Western Marxism*).
- 38 *Ibid*, p. 92.
- 39 Jean-Paul Sartre, *Critique of Dialectical Reason*, (tr. Alan Sheridan-Smith), London, 1982, p. 662.
- 40 Quintin Hoare and Geoffrey Nowell Smith (ed. & tr.), *Selections from the Prison Notebooks of Antonio Gramsci*, London, 1971, p. 12 (SPN).
- 41 *Ibid*, p. 277-318.
- 42 Shigeto Tsuru (ed.), *Op Cit*, Ernest Mandel, *Op Cit*; Harry Braverman, *Labour and Monopoly Capital*, New York and London, 1974.

- 43 *SPN*, p. 277-318. Also Anne Showstack Sassoon, *Gramsci's Politics*, London, 1980, p. 204-17.
- 44 'War of position' refers to struggle in the area of civil society, as distinguished from 'war of movement/manoeuvre' which indicates conflict over the state machine in the narrow sense. They are conceived as parts of one dialectical process. *Vide SPN*, p. 229-39.
- 45 *SPN*, p. 360, 366, 377. Also Antonio Gramsci, 'Some Aspects of the Southern Question' in Antonio Gramsci, *Selections from Political Writings (1921-26)* tr. ed. & Quintin Hoare, London, 1978, p. 441-62. A historical bloc describes the way in which different social forces relate to each other; what is particularly emphasized is the nexus of structure and superstructure which articulates the ability of a progressive class to form an alternative historical bloc. Also Anne Showstack Sassoon, *Op Cit*, p. 191-92.
- 46 Christine Buci-Glucksmann, 'State, Transition and passive revolution' in Chantal Mouffe (ed.), *Gramsci and Marxist Theory*, London, 1979, p. 210.
- 47 Asok Sen, 'Bureaucracy and Social Hegemony' in *Essays in Honour of Prof. S.C. Sarkar*, New Delhi, 1976, p. 667-85. Also Asok Sen, 'Marx, Weber and India Today' in *Economic and Political Weekly*, Bombay, Annual Number, February 1972, p. 307-16.
- 48 Christine Buci-Glucksmann, *Loc Cit*, p. 208.
- 49 Asok Sen, 'The Transition from Feudalism to Capitalism', *Occasional Paper No. 65*, Centre for Studies in Social Sciences, Calcutta, 1984, p. 14-17, 45.
- 50 *SPN*, p. 105-20.
- 51 H.P. Adams, *Karl Marx, in his Earlier Writings*, London, 1965. (First edition in 1940), p. 153.
- 52 Alvin W. Gouldner, 'The Two Marxisms' in *For Sociology*, Pelican Books, 1975, p. 425-62. Also Alvin W. Gouldner points to a tensionful conjunction of science and politics, of theory and practice in Marxism since it is a philosophy of praxis and also the political economy of the laws of capitalism.
- 53 V.I. Lenin, 'Report on War and Peace to the Seventh Congress of the R.C.P. (B), 1918' in *Selected Works*, Vol. II, Moscow, 1947, p. 293-94. Also quoted in Alvin W. Gouldner, (1980), p. 140.
- 54 Georg Luckas, *History and Class Consciousness*, London, 1971, p. 283.
- 55 *Ibid*, p. 243.
- 56 Perry Anderson, 'The Antinomies of Antonio Gramsci' in *New Left Review*, London, No. 100, November 1976—January 1977, p. 5-78.
- 57 Carl Marzani, *The Promise of Eurocommunism*, Westport, Connecticut, 1980.
- 58 Walter L. Adamson, *Hegemony and Revolution—A Study of Antonio Gramsci's Political and Cultural Theory*, Berkley/London, 1980, p. 231. Also Massimo Salvadori, 'Gramsci and the PCI: two conceptions of hegemony' in Chantal Mouffe (ed.), *Op Cit*, p. 236-258 and Biagio de Giovanni, 'Lenin and Gramsci: state politics and party', *Ibid*, p. 259-288. The two essays present the different positions of the PCI and the PSI in the post-1976 debate in Italy. Salvadori holds that the current strategy of the PCI distorts the theories of both Lenin and Gramsci. It amounts to making Gramsci a 'hinge' between revolutionary seizure of state power and current reformism, Giovanni's counter-argument stresses the differences between the Leninist and Gramscian concepts of hegemony and points to the new situation in Europe after 1930s. It led to the exhaustion, as argued by Giovanni, of the hypothesis tied to the dichotomous opposition of party and state.
- 59 Perry Anderson, *Western Marxism*, p. 85-89.
- 60 Bo Gustafsson, 'Friedrich Engels and the Historical Role of Ideologies' in *Science and Society*, New York, Summer, 1966, p. 274.
- 61 Max Weber, 'Politics as a Vocation' in Gerth and Mills, *Op Cit*, p. 82.
- 62 *Ibid*, p. 125.

- 63 Karl Marx, 'Thesis on Feuerbach' in *Selected Works*, Vol. 1, Moscow, 1941, p. 354.
- 64 Keith Nield and John Seed, 'Waiting for Gramsci' in *Social History*, Vol. 6, No. 2, May, 1981, London, p. 221.
- 65 Erik H. Erikson, *Insight and Responsibility*, New York, 1964, p. 227. Erikson comments on man's "socio-genetic evolution" which has reached "a crisis in the full sense of the word." Equally pertinent for our conclusion is what Erikson adds: At the point, however, when one is about to end an argument with a global injunction of what we *must* do, it is well to remember Blake's admonition that the common good becomes the topic of "the scoundrel, the hypocrite, and the flatterer", and that he who would do some good must do so in "minute particulars". *Ibid*, p. 227-28. Erikson's point had a place in Gramsci's mediation of 'collective will' which "requires an extremely minute, molecular process of exhaustive analysis in every detail." *Vide SPN*, p. 194.

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ANDREW GLYN*

Economy And The UK Miners' Strike

BY the end of 1984 nearly 150,000 members of the National Union of Mineworkers (NUM) had been on strike for nearly ten months. The strike broke out in March over the National Coal Board's (NCB) plans to reduce capacity by some 4 million tons, implying the closure of around 20 collieries, and the loss of about 20,000 jobs. Many aspects of the strike have broken new ground: the fact that over one quarter of NUM members did not join the strike; the unprecedented use of massive police presence to prevent effective picketing; the very important role of the women in the mining areas in forming "support groups" to sustain the strike.

This article, however, concentrates on the central economic question of the strike—should the NCB have the right to close the so-called "uneconomic" pits on purely financial grounds? The government has forced the NCB to take a very hard line on this question by appointing Ian MacGregor as Chairman with the task of eliminating the NCB's financial deficit. The NUM has insisted throughout months of intermittent negotiations that pits be closed only when there are no reserves of coal which can safely be mined. It is argued here that, under the present economic conditions of mass unemployment, the position of the NUM is entirely justified from an *economic point of view*, that is, leaving out of account special social considerations. The case is spelt out in some detail, not only because of its importance to this dispute but also because it has much wider validity as well.

The Basic Case against Pit Closure

The basic economic case against pit closure is simple. The effect of closure is to reduce coal output by the contribution of the pit concerned. This is a cost to society which no longer has the coal at its disposal. In the present context of mass unemployment, the numbers out of work will increase by the number of people who lose their jobs after

*This article is based on a pamphlet entitled *The Economic Case against Pit Closures* written by Andrew Glyn for the National Union of Mineworkers. Andrew Glyn is Fellow in Economics at Corpus Christi College, Oxford, and co-author, with Philip Armstrong and John Harrison, of *Capitalism since World War II*, published recently by Fontana.

the closure. There is, accordingly, no rise in production elsewhere to compensate for the fall in coal production. Society as a whole loses by the amount of coal production foregone.

Operating losses certainly do not, in themselves, justify closure. They do imply that the value of the coal produced is less than the various costs attributed to the pit. But to conclude that the pits should be closed presupposes that the resources which those costs represent would have been used elsewhere to produce something of greater value. If, on the contrary, those resources (both workers and equipment) would otherwise be idle there is no real cost to society from their use in producing coal. Society as a whole gains the value of the coal. The miners gain the difference between their take-home pay at work and what they would receive if unemployed. If the value of the coal they produce exceeds what they gain the rest of society benefits as well. This is reflected in the fact that costs of closure which the government incurs (redundancy pay, dole and lost tax) exceed the operating subsidies which the government pays to keep the pits open.

Before justifying the argument in more detail it is worth illustrating it with the example of the so-called highest-cost pits. A year ago the NCB claimed that the highest cost 12% of colliery output incurred £275 million losses. These collieries employed about 40,000 miners. In addition, a further 35,000 or so other jobs were dependent on these pits. Around a quarter of these were other NCB jobs (at pit, Area or HQ levels). The rest were in industries such as electricity, steel and engineering, which supply inputs needed by the pits.

If the pits were to be closed and their losses eliminated, all these 75,000 workers would lose their jobs. But the country would lose the coal which was worth around £ 475 million.

Moreover, it was not only the miners and workers in supplying industries who gained from the pits being kept open. If it is assumed that they were all on average £ 70 per week better off in work than on the dole (a rather high estimate) they gained some £ 270 million. But the pits produced £ 475 million in extra output. So, after taking account of the part required to pay the workers concerned, the rest of society actually benefited from the pits staying open to the tune of about £ 205 million extra production at its disposal. This is reflected at the financial level by the effect on government receipts and payments. Whilst the government would have "saved" £275 million subsidy if the pits had been closed, it would have lost some £ 480 million in lost tax revenue and through having to pay dole to the unemployed. So closing the so-called "unprofitable" pits, whilst perfectly in tune with the NCB's task of increasing profitability, would have imposed substantial losses on the rest of society as well as on the miners concerned. In no sense then, can these "unprofitable" pits be labelled "uneconomic" from the point of view of society.

The Impact on Individual Pits

These calculations for the costs of closure can be carried out on the data for the 166 pits operating prior to the strike, using the financial results of each pit reported by the NCB, and detailed estimates of the cost to government revenue (some £ 140 per week) of redundant miners. The results are devastating. Whilst 103 pits are shown as reporting operating losses over this period, in not one case would closure have benefited government revenue. That is, on our calculations of the impact on and costs of unemployment, in every single case the "subsidy" from the government required to cover the pit's reported operating deficit is less than what the government would lose in the form of dole payments, tax foregone and costs attributed to the pit which would not be saved. This can be illustrated with the examples of pits which were immediately under threat at the beginning of the strike.

Losses to Government from Closure

£ per miner per week

	<i>If colliery was closed, cost of government revenue would be</i>	<i>Present level of subsidy to keep pit open was</i>	<i>So to close pit means net loss to govt. of</i>
Herrington	281	82	199
Cortonwood	295	74	221
Bulcliffe Wood	467	251	216
Snowdown	260	232	28

Note : The reason that the estimates of costs of closure in column (1) vary between pits is that the higher are costs other than miners' pay the greater is the impact on other industries and thus the greater the costs of closure per *miner* affected.

On these estimates only three pits would have shown a gain to government revenue from being kept open, of less than £ 100 per week per miner. Three of the pits actually threatened with immediate closure would have cost the government around £ 200 per week more per miner to close than to keep open.

So not only do the miners and other workers directly and indirectly affected benefit from keeping their jobs, but the rest of society also gains from the pits being kept open as the "subsidy" required is less than the costs of maintaining the workers concerned on the dole. The value of the coal produced makes *every* pit "economic" once the interests of the miners and other workers affected, together with those of the rest of society, are taken into account.

The Unemployment Assumption

The only way the basic conclusion of these calculations could be

contested is by assuming that workers displaced by pit closure *do*, over a period of time, find jobs. This would mean that whilst the costs in terms of lost coal production would be heavy immediately after pit closure, they would be increasingly offset, and then more than offset, by increased production in other industries as displaced workers took up jobs which are more productive than those they were doing in mining.

Yet under the present situation of mass unemployment, what possible basis is there for assuming that displaced workers *are* re-employed? It must be emphasised that the question is not simply whether or not the miners at the pits which are closed find re-employment.

Whether or not the NCB could maintain its guarantee of "no compulsory redundancies" is in fact irrelevant to the economics of the case. Even if all the coal miners (and others directly affected) found jobs at once, the loss of jobs at the pit concerned would still mean a corresponding fall in total employment if the re-employment of these miners simply meant that somebody else did not get a job. This would be the case, for example, if a miner moved to a nearby pit, but thereby deprived somebody else of the chance of a job there. This is a typical situation.

The only argument that one recent study could muster in support of its assumption of the gradual re-absorption of those put out of work is the following: "it could be argued that redundant mineworkers would *eventually* (their emphasis) create net extra jobs in the economy either through entrepreneurial skills and/or through depressing the general level of the real wage". Whilst no doubt a few mineworkers might set up on their own, it is quite implausible that this would create more than a handful of extra jobs. The rise in self-employment in the U.K. since 1979 has only offset a fraction of the decline in jobs for employees, and many of the people self-employed will be making a most marginal contribution to production as they huddle into the over-crowded occupations where costs of starting a business are small. Further, whatever orthodox economists might say, it is both highly unlikely that the addition to the dole queue would depress real wages and highly implausible that, if it did, there would be any new jobs created as a result (the fall in purchasing power if real wages fell would tend to reduce demand and therefore employment). The persistence of mass unemployment wholly discredits this theory. The conclusion must be that the unemployment effect of pit closure will persist as long as do current government economic policies, removing any justification for closures.

Imports and the Price of Coal

In the calculations for the costs of closure discussed so far it has been assumed that the NCB's figures for the average proceeds from sales of coal are correct measures of the value of the coal produced. But if the coal could be bought from abroad at a cheaper price than the NCB

receives, should not the NCB's coal be valued at the cost of competitive imports? This after all shows what would have to be paid for the fuel if it was not supplied by the NCB.

Proponents of this argument usually take it as self-evident that imported coal is cheaper, frequently quoting figures which take little or no account of relevant transport costs. The most complete information (for October 1982) showed that imported coal under existing contracts was 8% cheaper than NCB supplies to the Thames power stations (where transport costs favour imports). But these benefits were entirely due to the exchange rate (£ 1 = \$ 1.70). At present exchange rates (£ 1 = \$ 1.20) imported coal under contracts would be 30% *more* expensive than NCB supplies.

Moreover, the import lobby never accepts the logic of its own argument. If the NCB's coal sold to Thames stations should be valued at the cost of competitive imports, so should the coal sold to the Midlands stations where, being close to the pits, transport costs favour domestic coal. In 1982 imported coal under existing contracts would have cost 13% *more* (at the exchange rate *then* prevailing) at the Ratcliffe (Notts.) station than the NCB's coal. At current exchange rates imported coal at 1982 contract prices would cost 60% more than NCB coal. If we guessed that on average competitive imports would cost 20% more than NCB's coal, then revaluing the NCB's output at the competitive price would yield the NCB an extra £ 1,000 million revenue, turning its alleged losses into huge profits.

Of course it would be stupid to base all the NCB's financial calculations on an import price which fluctuates wildly with the dollar price of coal and with the £/\$ exchange rate. But neither is examination of the likely longer run trend in the price of imported coal of much comfort to the coal imports lobby. The longer run costs of production in the U.S.A. are currently estimated to give a break-even price of some \$ 60-75 at Thames power stations (rather above the NCB's price).

The suggestion of the import lobby is that at such a price, large amounts of the highest cost NCB capacity would still be more expensive than imports and that the U.K. industry could only remain competitive by cutting out its high-cost pits. But in the context of mass unemployment, this argument is wholly false. For if the resources in the high cost pits would otherwise be unemployed the real cost of imports is not the price paid by the importer, but that price plus the cost to the government of all the unemployment costs of closure. It has already been shown that, given the present prices charged for NCB coal (and thus the present accounting losses on high-cost pits) there is not one pit whose closure would benefit government revenue. This means that the real cost of imports (price of imports, assumed roughly to equal the NCB price plus costs of closure) is greater than the costs of production of even the highest cost pit. So the closure of a single pit could not be

justified by reference to cheaper imports.

Demand

But is the coal from the 'marginal' pits really worth anything, given the piling up of coal stocks in recent years? This stockbuilding, however, just like rising unemployment, reflects the government-induced contraction in the economy. There is no shortage of valuable uses to which the coal from the higher cost pits could be put. To give one obvious example, if all pensioners had £1 per week extra to spend on fuel it would increase coal use by at least 1 million tonnes per year. The reason that coal sales are so low is that production and incomes are so depressed. Even the pre-1979 rate of growth would have meant coal sales some 8 million tonnes higher by 1984, which would have made the 4 million tonnes per year reduction in capacity carried through in 1983-4 and planned for 1984-5, wholly unnecessary. Anything like full use of the economy's capacity would have implied a still higher coal demand.

New Capacity

In the longer term, however, it is not only government-induced depression of sales which is threatening the markets for the coal produced by the higher-cost pits. Some 25 million tonnes of new capacity, planned in the days when a much more buoyant economy, and hence coal market, was anticipated, is expected to come on stream at a rapid rate over the next few years. Will this new capacity find a market?

Consumption of U.K. deep mined coal was about 97 million tonnes in 1983-84. The NCB's 1983-4 report "looked forward to securing and developing a market for at least 100 million tonnes a year of efficient deep-mined capacity."

The combination of 25 million tonnes of new capacity, with sales stuck at 100 million tonnes, has devastating implications for the older pits. Some 4 million tonnes of higher cost capacity would have to be closed each year until 1990 to 'make room' for the new mines. The pit closure programme planned for this year which precipitated the strike would therefore have to be repeated *each year* until 1990.

What would this rate of closure imply for jobs? 70 pits and 69,000 mining jobs would be lost on the old capacity, whilst the new high productivity pits would only employ about 16,000. Thus the effect of the introduction of the new capacity would be a net reduction in mining employment of over 53,000 jobs by 1990.

The NCB's real perspective for the next few years, therefore, is for the replacement of old capacity with new lower cost capacity, rather than the closure of pits and loss of production. Does the economic case against pit closure still apply to closures under these conditions as well? Fundamentally, the argument is unaltered. The case for replacing high-cost

capacity with cheaper new pits is that resources (mainly workers) are released for more productive use outside the industry. As already argued, there is no chance in present economic conditions that this would occur. Installing the most up-to-date systems of production so that one worker can do the work of five is of no benefit to society as a whole if the four, whose jobs are lost, are unemployed.

The total value of output will be unchanged which is another way of saying that society as a whole will neither gain nor lose. Those put out of work will suffer since what they receive in redundancy pay and dole will be less than their net pay when at work. Their loss will be the rest of society's gain. But this gain will be far less than the difference in the NCB's costs on the new and the old pits. For closing the old pits leads to the government paying all the unemployment costs of closure. So the gain to the government (and thus the gain to the rest of society) is only a fraction of the cost and profit advantage to the NCB of replacing the old capacity with new. Moreover, to the extent that the rest of society gains, it is entirely at the expense of the jobs and incomes of the unemployed.

This can be illustrated very clearly for the projected replacement of 26 million tonnes of old capacity with new. The NCB's profits would benefit to the tune of £ 780 million a year. But this gain to the NCB is no measure of the gain to the rest of society. Total net costs of closure (costs of closure of the old pits less those saved by redeployment on the new) come to some £ 680 million. So the net benefit to the rest of society is only £ 100 million (£ 780 million less £ 680), far less than the cost saving to the NCB. And it would all be at the expense of miners and other workers made redundant.

There can be no possible justification for such a policy. Even if the NCB passed on the benefits of its lower costs to other industries in the form of lower prices, most of this benefit would be taken back with the other hand as the government raised taxes to pay the costs of closure. Whatever slight net advantage remained would be paid for entirely by those who lose their jobs. In a situation of mass unemployment and stagnant demand the new capacity should only be introduced when existing pits are actually exhausted, or when a reduction in the working week for miners requires it to be brought into use to meet demand. There is no basis whatever under present conditions for using the development of new lower cost capacity as a justification for premature closing of older pits.

Future Generations

There is a further argument against such a policy of closing older pits which would apply even in conditions of full employment, where alternative work was available for those affected. The closure of such pits would mean that their reserves of coal could only be mined at a

later date at far greater expense (since there are high engineering costs in reopening an old mine).

To make the ripping out of the maximum amount of low-cost coal coincide with high rates of exploitation of the limited North Sea oil reserves seems to show the most flagrant disregard for the interest of the next generation. Much of the revenue from North Sea oil has been used to finance the mounting dole queues. The squandering of the best coal reserves would be even worse if the benefits of Selby and the other new pits are eaten up in paying dole to those directly put out of work by the introduction of this new capacity. E.F. Schumacher (at the time economic advisor to the Coal Board) put the case against premature closing of pits with minable reserves nearly twenty-five years ago:

"It is a policy of doubtful wisdom and questionable morality for this generation to take all the best resources and leave for its children only the worst. But it is surely a criminal policy if, in addition, we wilfully sterilise, abandon, and thereby ruin, such relatively inferior resources as we ourselves have opened up, but do not care to utilise. This is like the spiteful burglar who does not merely pinch the valuables but in addition destroys everything he cannot take."

In the present situation of mass unemployment, it is doubly criminal, since it is not only mineral but human resources which are wasted and since most of the apparent benefit from grabbing the best resources is swallowed up by ensuring that those wasted human resources can be kept alive.

Behind the Economics

The case outlined above raises the obvious question of why has the government provoked such a damaging strike. Partly, of course, it may be a victim of its own free market rhetoric. It may really believe that once loss-making activities are closed down, new more productive ones will spring up. This flies in the face of the persistence of mass unemployment, indeed of its persistent increase, which renders quite absurd the idea that new, dynamic sectors require familiar closures in the older sectors.

More fundamentally, it may be suggested that the government's stand has very little to do with the economics of the coal industry itself. A Conservative Party study group proposed in 1978 preparations for a future miners' strike (building up coal stocks, introducing dual oil/coal firing at power stations, establishing a large mobile squad of police to deal with picketing and of cutting off social security benefits to strikers). All of these policies have been implemented and to considerable effect. This suggests a calculated strategy of "taking-on" the NUM, with the appointment MacGregor (fresh from running down the steel industry) as the last link. Perhaps this in part reflected a desire for revenge on

the NUM which had first humiliated and then defeated the previous Tory government under Edward Heath. But revenge, costing the government over £ 2 billion (the effect of the strike on tax revenue and nationalised industry profits), can hardly be the full story. The NUM plays a pivotal role in the trade union movement, and its defeat would be a major defeat for all trade unions. This would be important politically, but economically, as well, as workers' ability to resist shop-floor rationalisation and further evasion of trade union rights would be seriously weakened. As Chancellor of the Exchequer Lawson was incautious enough to admit, success in this respect would make the costs incurred by this strike a "good investment" from the point of view of government.

DELHI SCIENCE FORUM REPORT*

Bhopal Gas Tragedy

THE disaster in Bhopal has been universally recognised as the worst ever industrial accident. Thousands of human beings, mostly poor, have lost their lives. Countless others continue to be seriously affected. Vast numbers have been permanently disabled. The long-term effects and possible genetic damage have yet to be estimated.

The tragedy has brought to the fore several issues : those on which immediate action is needed by the government to cope up with the situation created by the disaster in Bhopal and those aspects which are general in nature and would have to be addressed by revamping existing executive measures and legislation to prevent and manage the disasters like the one which occurred in Bhopal. The tragedy also highlights the need for strengthening of institutions concerned with research, monitoring and control of delayed effects and second order impacts, monitoring and regulation of environmental pollution and occupational/industrial health hazards. All these issues require concerted action.

A DSF team visited Bhopal from 9th to 11th December, 1984. It met several disaster victims in the worst affected areas like Jaiprakash Nagar, Chhola and Kenchi Chhola. The team also met several operators and engineers of the Union Carbide India Limited (UCIL), Bhopal Plant and many local doctors and scientists all of whom provided much valuable information and insights. Other DSF members collected background material, held discussions with a variety of experts and helped in drafting and editing the report.

Criminal Negligence

Without prejudice to the on-going enquiry, the DSF has discovered sufficient evidence to show that there has been *gross negligence both on the part of the Union Carbide Corporation (UCC), who own 50.99% shares in UCIL and UCIL management*, in those critical areas which related to design processing and handling of the hazardous MIC, phosgene and other toxic substances. Plant's maintenance was astonishingly deficient. Worse, many crucial safety functions were inoperative, some for "economy" reasons. Such "economy measures" were also responsible for a manning

*Delhi Science Forum is an organisation of scientists and technologists with its office at B-1, 2nd Floor, J Block, Saket, New Delhi-110017

policy which depleted the plant's experienced and trained personnel, overloaded plant staff and led to stationing of untrained personnel in critical areas of the plant.

The accident has also exposed the utter inadequacy of the safety equipment, even had they been in working order. The entire plant was utterly underdesigned with respect to safety and stand-by systems, control and monitoring facilities, safety barriers, etc. Computerised monitoring and control systems had not been provided in the Bhopal plant, unlike in the U.S. parent plant. There is sufficient evidence to show that the entire technology package transferred to India in Bhopal is obsolescent.

Our investigations have thus convincingly brought home once again, in extremely tragic form, the truth that multinational corporations operating in third world countries pay scant attention even to technological imperatives for ensuring human safety, in contrast to the measures they adopt under the vigilant eyes of the people of Europe and the U.S.A. The Bhopal accident starkly exemplifies the inherent tragedy of the logic of pursuing maximum profits at minimum costs, more so in third world countries whose populations are considered expendable by MNC's.

Apart from the production plant, in the course of investigations made by the DSF team, certain intriguing aspects of the R&D set-up of Union Carbide at Bhopal have come to light. This R&D effort relates to carbamate-based pesticides, a pilot plant and field trials in experimental farm plots. Recently, the UCIL's R&D representatives have entered into a collaboration agreement with the UCC(USA) to conduct experiments to synthesise new molecules, test them on tropical pests at Bhopal and supply the research data for an annual fee of US \$300,000. The research is aimed at the development of pesticides suitable for tropical conditions and the facilities, reputed to be among the best in the world, include three green-houses and five insect-rearing laboratories. It must be noted that *this R&D covers the grey area between peaceful application and biological warfare.*

It needs to be noted that at present the information called for by government for the transfer of technology under foreign collaboration, in-house R&D recognition and renewal, etc. do not focus on pertinent scientific and technical details or on in-depth assessment of these by S&T experts from national laboratories, defence organizations engineering and design organizations and R&D units of public undertakings. Far greater nodalised emphasis is thus required in the decision-making, regulatory and follow-up mechanisms relating to foreign collaboration and in-house R&D recognition and renewal.

The Bhopal Tragedy has also underlined the need for attention being paid to several broad issues. The scientific community must, in co-ordination with legal experts and informed public opinion, urgently focus on : factory laws; specific safety measures to be instituted under labour laws; acts related to air and water pollution and their enlargement.

to cover wider environmental hazards; laws related to production and use of pesticides, drugs, dyes, foodstuffs, etc; laws relating to compensations; laws relating to punitive action; executive mechanism to implement and monitor the above.

In order that the above noted measures be effectively initiated and implemented, it is essential that pertinent information relating to these aspects be made freely available in published form. In many of these matters, there is at present *unwarranted confidentiality* usually justified on the basis of companies' interests. Open availability of such information would indeed assist the government in discharging its responsibility towards the people and, in the specific instance of the Bhopal accident, such information, had it been freely made public, could have averted the terrible sufferings of this grim tragedy.

The Disaster : Mode and Background

The crucial question of how a calamity of such gruesome enormity occurred cannot be seen in isolation from the complete subordination of safety codes, preventive maintenance and manpower policies to the singular task of increasing returns. This would become clear when a variety of information on the operation of the plant and the sequence of events at UCIL on the 2/3 December, 1984 are pieced together to give a self-consistent explanation.

Confusion surrounding the nature of the gas—whether it was MIC, Phosgene, or a mixture of the two, or something else—can be removed only when complete process details of the UCIL plant, a closely guarded secret of UCC (USA), are unravelled. However, contrary to the claims of UCIL, Bhopal on the sequence of operations and the factory lay out, unambiguously shows that a very small amount of phosgene is allowed to be present in the MIC as an inhibitor that prevents the onset of self-addition reactions like dimer and trimer formation in the stored MIC. Various other compounds are included to prevent run-away reactions. All these substances are carefully monitored, excess amounts of these traces must be controlled since they may also act as catalysts for several uncontrolled reactions. It is not known whether these control standards were maintained and how many of them had been sacrificed for economy reasons. It is important, however, to note that during "Operation Faith", MIC in the remaining tank was found to contain phosgene in much higher proportion than stated by UCIL.

Several parts of the safety system comprising the Relief Valve Vent Header (RVVH), the Vent Gas Scrubber (VGS), and the Flare Tower were hardly in satisfactory condition. At the time of accident a vent line leading into the RVVH was being washed, the line connecting the VGS to the flare tower was mastercarded for repairs, the motors meant for pumping caustic solution into the VGS were down and certain meters in the control panel monitoring the MIC tanks were malfunctioning.

The chilling unit has been switched off as an economy measure. Many valves, vent lines, feed lines, etc., are in poor condition; items which should have been replaced every six months have been overused for two years. Poorly maintained valves, feed lines, equipment could lead to conditions where certain chemicals could gain entry into parts of the plant where their presence, even in minute quantities, can start off run-away reactions.

Many features of the accident point to the possibility of the onset of uncontrolled reactions in the MIC tank (tank No. E. 610) through mixing of water or caustic. Water was discovered by the workers after the accident when they drained the vent lines connecting the tank E-610 and RVVH. Similarly, caustic was found in the RVVH when the workers in emergency shift opened it on December 10. If this indeed was the case, many questions come to the fore. If samples of stored MIC from each of the storage tanks are tested every day for control standards and found to be contamination free in the quality tests in the analysis laboratory of UCIL, how did uncontrolled reactions set in? Could large amounts of water enter the tank, as many think, passing through the valves that isolated the tank? Could such flows into the tanks go unnoticed or were the monitoring facilities in the control room woefully inadequate to monitor such hazardous developments? What were the facilities, or did any facilities exist at all, at the UCIL to cope with the possibilities of rapid build-up of exothermic reactions due to contamination of MIC in the storage tank? Can the rate of outflow (nearly one ton per minute), the rate temperature and pressure build up etc. be sufficiently accounted for by the reactions that could have triggered off these developments? All these questions and many more would have to be answered in a consistent manner.

The exact process used and much of the information on the hundreds of reactions of MIC with other inorganic and organic compounds are all well guarded secrets of the UCC (USA). However, even without detailed knowledge of the process used, the known reactions of MIC should give us clues, as to the various possibilities such as self-addition reactions (dimer and trimer formation), polymerisation etc., in the presence of certain chemicals or water which could have somehow found their way into the MIC tank. Many of the impurities that could have gained entry into the MIC tank and their reaction products with MIC would also act as catalysts triggering off uncontrollable run-away reactions causing temperature and pressure build up. For water ingress to take place in the system, certain conditions would have to be met. While the working of the pipe connected to the concerned tank is taking place, a slip-blinder has to be inserted to prevent water going into another system. Apparently this was not done.

There were several indications that all was not well with the MIC tank E-610 and its valves. Many pieces of the puzzle would seem to fit together when the information gathered from workers manning different

parts of the plant or engaged in repair work are sorted out.

The fact that many things were wrong with tank E-610 is curiously enough the easiest to confirm. At least from the 30th November, 1984 if not before, the meters monitoring the tank were giving abnormally low pressure (whereas a pressure of 20 PSI gauge is normal, E-610 meter was showing only 2 PSI gauge). It is not known whether this was in fact due to faulty meter or due to the inability of the tank to maintain pressure. If the latter was indeed the case, the meter would have indicated low pressure irrespective of whether it was faulty or not. In the case of former eventuality, pressure build up would not be noticed at all.

It is not known what corrective measures were taken or whether any effort was made to ascertain the condition of the rupture disc (RD) and the overall condition of tank No. E-610. If the RD had ruptured, the pressure gauge connected between RD and RV should indicate build up of pressure (it would otherwise read zero). It needs to be noted that this crucial pressure gauge has to be manually monitored and is neither linked to the control room nor to an automatic warning alarm. In the West Virginia Plant of UCC it is linked both to an automatic warning system as well as the control room. It is not known whether these aspects were checked up ever since the abnormal readings were observed in the control room. However, it is known that efforts were made on 2nd December to pressurise E-610 by pumping in nitrogen. Nevertheless, the control panel reading did not show any change. It seems as if the meters were stuck or inoperative. Subsequently, an attempt was made to feed the SEVIN plant with MIC from Tank E-610. The attempt, however, failed and SEVIN plant was instead fed from MIC tank E-611.

It is possible that the attempt to pressuring tank E-610 further damaged things and may have caused RD to rupture.

The faulty valves and the absence of appropriate precautions could have thus facilitated the entry of small amounts of water, caustic solution or vapours into the storage tanks. It is evident from literature on chemical technology that even small quantities of these substances are sufficient to start off various types of highly exothermic (heat generating) reactions. These substances could thus provide the necessary heat and act as catalysts for several reactions like dimer, trimer or even polymer formation. The rapid heating of MIC would lead to fast gasification, MIC being highly volatile with BP of only 39 °C. The consequent pressure build up inside the tank would release the gas into the RVVH. These reactions are totally uncontrollable. Build up of pressure and temperature can then cease only when the tank gets emptied.

Self-addition reactions like trimerisation and polymerisation are likely to set in when isocyanates are stored for long periods. It is, therefore, necessary that the stored MIC be regularly monitored for such developments which could become uncontrollable. At UCIL, however, though MIC was filled in the tanks nearly three months back, regular monitoring

was not being carried out on the MIC stored in tank E-610, ever since it was filled, to ascertain the onset of such reactions.

The various facts relating to the accident seem to fit these possibilities. When the control room noticed that the meter readings relating to tank E-610 were indicative of malfunction, the instrumentation centre of UCIL was promptly informed. The decision to feed MIC into SEVIN plant from E-611 following the failure to feed it from E-610 was taken in consultations with the plant authorities. At around 11.00 PM on 2nd December, the second shift workers had noticed temperature rising in tank E-610. Since this signalled a significant development, senior plant officials were informed and a mention of suspected MIC leakage entered into the log book. Senior officials of the UCIL, including the Manager, were on the spot to monitor the developments and issue necessary guidelines. At around 11.30 PM, even though the developments had got out of control, no effort was made to initiate steps for alerting the people in the neighbouring areas. It must have been clear to the top officials of the UCIL that the way things were going, large scale release of MIC into the atmosphere was taking place.

The build-up of reactions was aided by the lack of chilling of the tank. Between 11.00 PM and 2.00 AM the entire stored MIC was released into the atmosphere forming a lethal blanket on nearly one-fourth of Bhopal.

Once toxic gases got released uncontrollably, even the rather heavily underdesigned safety system, which could have at best neutralised a small part of the 40 tonnes of MIC, was also not in a satisfactory condition. The caustic pump was down rendering it impossible to charge the vent gas scrubber (VGS) once the meagre amount of caustic charge in it was exhausted. The absence of a stand-by system, using passive flow from overhead tanks could, perhaps, have saved the situation to some extent. However, even if the VGS system had worked at its best, it was inherently incapable of dealing with this quantity and rate of gas escape.

The line connecting VGS and the flare tower meant for burning off the unneutralised toxic gas was also mastercarded (blanked-off) for repairs: this line has suffered extensive corrosion due to neglect. This system was also not backed up by a parallel line, the installation of which does not require major works. It must be noted that the flare tower too was inadequate to burn off such large scale escape of gases.

In its very design, therefore, the entire safety system was not equipped to tackle such a major mishap.

Design Considerations of the Safety Systems

Though a detailed analysis of the design problems in the UCIL plant will need more data, certain preliminary problems have been already identified. It has been noted that initial protective measures were to be initiated manually and were not automatic as it should be for such vital

functions. For instance, the vent scrubber was to be activated automatically. There were three MIC tanks in which one tank was always empty. In case of a pressure build up in one of the tanks, a portion of the gas could be bypassed into the empty tank. However, here also, the entire set of operations was manual and not automatic. In the panic of an accident, it is always possible that such measures are not taken manually, as it happened in Bhopal also. Further, an overhead tank of caustic soda would have ensured scrubbing of the vapour even in the event of failure of the pump.

The scrubber was underdesigned with respect to the gas stored. The rate of neutralisation was designed to be 5 tonnes in the first half hour with an additional ton every succeeding half hour. With this rate of neutralisation, at most 12 tons would have been neutralised against 40 tonnes stored in the tank. It may be noted that in Europe, safety systems have to be mandatorily designed on a worst case scenario. Experts have questioned the validity of using scrubbers which depend on mechanical devices prone to failure. Vital instruments were also not connected to the control room as already noted earlier. Adequate redundancies regarding vital equipment like pump/motor, pressure gauges had also not been provided for. A thorough examination of the safety systems as designed by UCIL and their US principals need to be undertaken to identify their culpability and eliciting certain basic principles with regard to such systems.

Apart from the poor preventive maintenance, the underdesigning of the safety features, dependence on manual operations, the manning policy of the management compounded the already serious problem. The secretiveness of the UCC and the UCIL in respect of various chemical processes involved, meant that the plant operators were not fully aware of the implications of the various operations they were called upon to perform. Rigorous training and education of the workers had suffered due to the economy drive of the management. The poor safety discipline also resulted from the placement of inadequately-trained workers in the gaps left by large scale removal of the trained staff.

In the company's economy drive, measures of retrenchment, incentives for voluntary retirement and policy on workload manning and training have been prominent during the last two years. A large number of skilled and well-trained personnel have left the firm. The company had been giving incentives for voluntary retirement, offering additional benefits ranging from Rs. 12000 to 25000 for different middle level technical manpower. The company also has been taking economy measures in respect of manning of the plant. For the MIC plant where there used to be earlier 8/9 operators, the company has reduced the strength to five with one extra in emergency. This resulted not only in increased workload for the remaining personnel but also stationing of untrained personnel in various crucial sections of the plant.

The MIC and CO plants, separated by more than 100 feet, used to be supervised by two different production supervisors, each specifically trained for his task. Now there is no separate production supervisor for the MIC plant. Instead, the CO plant supervisor is in charge of both the plants. This would have been unthinkable in the early phase of UCIL. The intensive training and evaluation programmes that were in vogue in the early phase have now been completely discarded. Also the fail-safe principle of having one additional person besides the minimum necessary at each station (e.g. staff of two at the 15 feet wide control panel had been reduced to one), which had been dramatically emphasised while the plant was being set up, had been abandoned.

It is clear that the company's drive for making profits and effecting economies has been at the expense of safety and well being of its workers and that of the city's population.

Toxicity and Delayed Effects

All the ingredients that go into the making of the carbamate pesticides at UCIL, Bhopal are highly toxic. At various stages of production the plant uses carbon monoxide, chlorine, phosgene, methylamine, chloroform, MIC, alpha-naphthol, carbon tetrachloride, etc.

With such an highly hazardous process being used at UCIL, the details of which were not known, and against a backdrop of numerous accidents in the factory from its inception, there was much confusion as to the nature of toxic substances released. Immediately after the accident, the UCIL instead of helping to clear the confusion added to it by giving contradictory statements. Confounding this confusion was the lack of knowledge of the toxic effects of the various chemicals used in the process. Many were inclined to believe that MIC is not very toxic and that such a large number of deaths could be caused only by phosgene.

Contrary to the impression that MIC is "not so deadly", it is, in fact, an extremely lethal substance. In many ways MIC is more toxic than phosgene. The chemistry of MIC is very complex and relatively little is known of the toxicological effects of MIC. Its strong primary irritant effects on the respiratory tract, causing massive build up of fluids in the lungs consequent to large scale tissue damage, probably accounted for the majority of deaths. In humans, exposure to mere 21 parts per million (ppm) causes suffocating effect and severe irritation of respiratory tract and eyes. According to literature available conversion to cyanide is not expected to occur at significant rate in living organisms. The *postmortem* studies have revealed the presence of cyanamides, though the exact route for transformation is unknown.

The cause of death after acute exposure may be either bronchospasm or what amounts to drowning in released body fluids. Otherwise death could also result from the secondary effects of loss of blood oxygen and acidosis, or from congestive heart failure. Since the reaction products

of MIC with various organic molecules in the living organism are also toxic, several complications involving liver and kidney would also result. Survivors of the exposure will be beset with numerous complications throughout their lives. According to Dr. Trent Lewis of the National Institute of Occupational Safety and Health (USA) survivors will probably suffer increased incidence of pulmonary fibrosis, emphysema and chronic bronchitis. The respiratory tract may become hyper-reactive to a variety of irritants, and changes in lung tissues may increase susceptibility to infectious pneumonia. Those who are once exposed to MIC would develop acute allergic conditions as a result of sensitisation of the respiratory tract and a second exposure even if mild, could prove fatal. This could have happened in Bhopal, as the victims who received first aid, returned to an environment where MIC was still present, though in very low concentrations. Necrotic lesions of the cornea can lead to permanent blindness or impaired vision. Possibility of behavioral and neurological disorders also exist because of the disturbance to the central nervous system.

No official line of treatment was available till the team left Bhopal (11th December). No specific antidotes for the MIC poisoning were available to the doctors. Sodium thiosulphate was used in certain cases suspecting cyanide poisoning, on the 10th and 11th December, but given up later as not found effective. General lines of treatment were: (i) to reduce inflammatory conditions, intramuscular decadron i.e. steroids, were administered; (ii) aminophyllin intravenous injections were given as broncho dilators; and (iii) antacids were administered to reduce stomach irritations.

Apart from these, some intramuscular and intravenous preparations of atropine sulphate, adrenaline, lasix, nekethenamide were also administered. To start with, treatment followed from the belief that the patients had suffered from some kind of organo-phosphorous poisoning. The injections were being given on the indications not specified. In the initial period atropine sulphate was injudiciously and widely administered and only later, after 5 days, was it stopped, on the ground that it is making secretions viscid, causing tachcardia and producing myocardialanoxamia (i.e. oxygen requirements of heart increases due to this treatment).

In the same fashion, lasix was also later stopped since it was causing dehydration. Adrenaline and nekethenamide were used less frequently. Injections of sequil were used against vomiting. Widely administered tablets were aminophyllin, antacids and avil. Antibiotics and corticosteroids which were essential were not available in sufficient quantities.

Sulpha or antibiotic drops were used for eye problems. The use of other drugs like atropine and corticosteroids for eye complaints became controversial and there was total confusion regarding the use of these drugs. Finally, their use was declared to be non-essential in all cases by experts who arrived from Delhi. While patients slowly recovered from

complaints of blurred and diminished vision, nothing can be said definitively about cases where eyes were severely affected.

Autopsy findings have revealed cerebral oedema apart from massive pulmonary oedema, massive destruction of lung tissues, damaged liver and kidneys, and anamolous coagulation of blood, i.e. large amounts of blood coagulated, leaving parts of the circulatory system completely drained of blood. There were cases of hearts full of coagulated blood as well as cases of hearts drained of all blood. As mentioned elsewhere in this report, cyanide was also found in the blood.

Pathology reports show leucocytosis (increased levels of polymorphs) and increased blood urea which in certain cases had gone up to 80 to 90 percent as compared to normal levels of 20 to 40 percent.

Studies of water bodies in the severely affected areas show high fish mortality rates.

The tragedy at Bhopal has parallel only in the use of poisonous gases in chemical warfare. Phosgene, small amounts of which were present in the nearly 45 tons of MIC which got released into the atmosphere of Bhopal and neighbouring areas, was in fact used in World War I and II and the Iran-Iraq war. Given the nature of these gases and due to the fact that a substantial section of the population was also exposed to them in non-lethal doses, the effects of which could manifest over long periods of time, it is difficult to arrive at definite estimates of the casualties.

The DSF team would at this stage make a conservative estimate of nearly 5,000 deaths, although estimates quoted in Bhopal vary from 2,000 (quasi-official estimate) to 10,000. Many of the medical teams engaged in relief operations (for instance from Gandhi Medical College, Bhopal) tend to agree with our estimate.

It can be seen that areas where gas concentration was the highest after the accident also coincides with the most densely populated areas. It is clear that irrespective of whether slums had come up near the factory area or not, the demographic distribution of the city clearly shows that even without the presence of slums the industrial area where UCIL plant is located is close to the region of highest residential density, the Old Bhopal.

The total number of people severely affected could be put at around 20,000 (excluding delayed effects cases). Considering the immediate impact zone of the accident, the total number of people requiring serious medical attention and follow up can undoubtedly be placed at around one lakh. The total population of the area immediately affected by the gas spread is about 2.5 lakh of which nearly 1.5 lakh live in areas over which the gas settled in high concentration. The vast majority of the population in the most affected areas live at or below subsistence levels.

As mentioned earlier, cyanides were found in the blood and viscera of those who fell victim to the gas. Reasons for the formation of cyanide

in the blood stream are yet unknown although it is speculated that some of the reactions of MIC with blood haemoglobins would have led to this. Due to guidelines issued to investigating scientists emphasising tests for MIC-related compounds, very little is known of the effects due to phosgene poisoning. The team is of the opinion that both MIC and phosgene were present in the gas clouds that had spread over a large, densely populated area ; traces of phosgene are always present in the MIC tank since it is used as inhibitor.

The team, after consultations with various scientists and medical experts, is convinced of the need to look for the effects that a mixture of large amounts of MIC and very small amounts of phosgene could have, as most certainly is the case in the Bhopal tragedy. The team shares the apprehensions of a number of medical workers who fear large-scale out-break of delayed effects and secondary infections as well as relapses.

The vast majority of the most severely affected people are those living in near-starvation conditions. Many of them already suffer from various types of diseases, especially those related to the chest and weakness of body due to overwork and under-nutrition. Already victims of over-exertion and occupational hazards, the colonies they live in now resound with the sound of coughing and gasping. Very soon they will have to either return to work or starve.

All this would imply a delayed outbreak of bronchial diseases, infectious pneumonia, T.B. and various forms of allergic conditions. The health of pregnant women and infants is still an open question as are possible genetic effects. The very fact that MIC would give an endless variety of products on reaction with other organic molecules under various conditions that obtain in the living organism, would tend to confirm these fears. Almost every type of catalyst which helps MIC give different kinds of reaction-products with other organic molecules is clearly present in the living organism.

The toxic gases, on reaction with water and various organic materials (plant and animal tissues specially in living condition), give rise to a large number of complex products many of which are highly toxic. The possibility thus exists of cattle feeding on affected plants, and contaminated animal and plant products being consumed later on by human population.

Need for Rigorous Investigations

As regards water, the DSF team is doubtful if detailed sampling has been done. A large number of samples have certainly been collected. However, they are mainly from the two big lakes (Upper and Lower Lakes of Bhopal). The small ponds and other such sources of water which are often the main sources for the poor in many parts of the affected areas have hardly been subjected to intensive sampling and tests.

The DSF team is of the opinion that on the basis of available meteorological and topographical data of Bhopal, detailed gas diffusion modelling and simulation studies of the dispersion pattern of the gas discharge into the atmosphere need to be undertaken. The team found it impossible to get any data on the existing concentration levels of MIC, phosgene, carbon monoxide and other compounds which are bound to be present in varying degrees of concentration at various distances from the UCIL plant and at different heights. It is fairly certain that no such studies or air samples have been undertaken by the expert team entrusted with this job. If such studies have not yet been carried out, the public needs to be told of the exact nature of the studies undertaken so far. Given the fact that the highly sophisticated equipment required to carry out such detailed studies is not available at Bhopal, it is necessary to collect samples and despatch them to places where such equipment is available. It has also come to the notice of the team that fish, plant and animal tissue samples are still only in the process of being sent to the ITRC for detailed tests (i.e. on 11th December, 1984).

The short and long term effects of the massive MIC pollution on crops and vegetation deserves to be intensively studied for the contamination of vegetables as well as the effect of the toxic gases on plant growth, and heredity of standing crops and vegetable in the area within the gas spread. Dr. R.H. Riccharia, at one time director of the Central Rice Research Institute, has pointed out that nuclear abnormality was bound to occur in plants exposed to MIC and has suggested the need to identify cultivated fields with standing crops, in the area within a distance of 50 Km. from the site of UCIL. According to Dr. Riccharia samples of the harvests in February-March next of all the standing crops falling within these areas must be taken up for analysis.

Lack of sophisticated equipment and instrumentation severely impedes the investigation. Another major handicap for the scientist members of the team constituted by Government as well as those working independently on their own, is the lack of up-to-date scientific literature on various aspects. In the face of such difficulties scientists have found it nearly impossible to evolve methods, for instance, on non-destructive testing of phosgene. Much of the results of the findings in these areas are also quite likely to have never been published, given the enormous significance such data has for chemical warfare. Such information is of immediate importance in dealing with the fall out of the present tragedy. The world at large must know all aspects of poisoning due to such toxic gases.

In sharp contrast to the total clamp down on information and discouragement to Indian scientists willing to undertake independent studies, is the complete freedom with which such foreign "experts" who are known to be associated with the foreign defence research laboratories, are collecting detailed information in Bhopal. They are also conducting

detailed studies on their own. Concern has quite rightly been voiced, at least in some sections of the press, of their implication in Bhopal. Such studies, meant for chemical warfare data-gathering, must be immediately stopped.

Health Care and Monitoring

A machinery must be set up for health care and monitoring of the affected population in the area. This should involve the entire people of the area and non-governmental organisations. The following aspects need to be covered in this scheme :

(i) Immediate setting up of health care machinery specifically for these areas with close links with the community.

(ii) Preparation of detailed medical histories of all families in the affected area, without delay, so that the later evolution of their medical histories could be kept track of

(iii) Periodical medical examination of the families and updating of their medical histories.

(iv) Ensuring that all deaths and births are recorded in the area with medical reports on the causes in case of death and health conditions of infants and mothers in case of births.

(v) Recording of incidence of respiratory and lung diseases including T.B., pleurisy, infectious pneumonia, allergic conditions, asthma, cancer, etc.

(vi) Recording of the incidence of outbreak of infections and the level of immunity of the people in these areas to the diseases.

(vii) Recording of the incidence of liver and kidney related disorders including outbreak of jaundice.

(viii) Survey for the incidence of neurological and mental disorders.

(ix) Survey for the effects on livestock and vegetation.

(x) Detailed monitoring of plant, animal and aquatic life for genetic defects and other long-term effects.

(xi) Standing crops in the area of gas spread be subject to detailed investigations by agricultural experts.

With respect to the above it should be noted that this was the first major accident involving release of MIC as a gas. All previous accidents relating to MIC have been the leaks of MIC as liquid in small quantities. There is no detailed information available regarding the effects of MIC and possible line of treatment to be followed to control the delayed effects. There is hardly any authoritative scientific work available on the consequences of exposure to MIC. Despite widespread use of methylisocyanate, the world scientific community has done little work on the consequences of exposure to MIC. Inferences about long-term consequences of Bhopal tragedy are based mainly on available knowledge of the related substances like toluene diisocyanate widely used in the manufacture of various polymers.

In the monitoring and relief operations, the machinery should involve the widest cross section of the scientific community including voluntary organisations. Apart from involvement of the voluntary scientific effort in restoring the faith of people, education of the public has emerged to be a priority task which should be tackled on an urgent basis.

Technology Transfer

What are the lessons to be drawn to ensure that such a disastrous tragedy does not repeat? The first step is to fully understand the Bhopal accident in all its dimensions. Such an inquiry must cover not only the sequence of events on the fateful day, the pattern of failures in the plant, but also the very policies and agreements which form the all-important backdrop to the disaster. In the long term, it is the general question of technology transfer, its evaluation and monitoring, which must be addressed in order to strengthen Indian S&T expertise and its abilities to prevent and tackle such industrial accidents.

This section, therefore, looks at the UCIL Bhopal plant itself. What is the technology involved? What safety equipment was made available? In sum, what were the modalities of the technology transfer from UCC, USA?

The UCIL uses two lethal compounds—methyl isocyanate (MIC) and phosgene for the production of the pesticide carbaryl (Sevin) at its Bhopal plant. Production of carbaryl using imported MIC was started in 1969. In 1977, the company entered into an agreement with UCC (USA) obtaining the technology for production of MIC which commenced in 1980.

Right from the beginning, the plant was beset with accidents. Contrary to the impression sought to be created by UCC, USA, that their hands are clean, it has become clear that the basis for the present tragedy had actually been laid in the very technology that was transferred to India for the Bhopal plant. Some reports have even suggested that the MIC plant at Bhopal was transferred second-hand from the MIC plant at Danbury, USA, while others claim that Canada had earlier refused permission to site this plant which was then shipped off to Bhopal. In any case, the MIC plant transferred by the UCC, USA to the UCIL was apparently obsolete and unsafe.

The imported plant had a production capacity far greater than the production planned for the Bhopal factory. Demand for MIC-based pesticides in India has been far below the output possible at the Bhopal plant. The Bhopal plant had thus been running steadily under-capacity. The problem of high cost of maintenance was, therefore, already partly built-in.

The Bhopal and American plants, although identical in production systems, differ significantly in respect of instrumentation and controls

employed. The American plant in West Virginia employs computerized safety system (introduced in the early '70s itself) which is absent in Bhopal plant. Most of the controls in the Bhopal plant have to be manually monitored and operated. The Bhopal plant is furnished with only one manual back-up alarm system instead of the four-stage alarm system required in the USA.

Designing safety into the systems to take care of the worst possible scenarios means building extensive redundancy. For example, the scrubbers and the flare tower were not designed to deal with the kind of event that Bhopal unit was faced with on 3rd December. That the Bhopal unit employs obsolete and relatively unsafe technology can also be seen from the fact that the plants abroad, including the parent plant of UCC at West Virginia in USA, do not use systems which require storage of MIC in large quantities. MIC produced in these plants is instantly converted into the end products which are safe to store. The storage of MIC in large quantities is considered undesirable from the safety point of view.

Information available from the developed world suggests that, in several European countries, by law the firms processing MIC have been prohibited to store it in large quantities. They permit MIC to be stored only in liquid form in small quantities, in small containers and even then also for short periods of time. France does not even permit the manufacture of MIC on its territory. In Britain, a division of Ciba-Geigy Chemicals Ltd., is the only company permitted to deal with the MIC. Located two miles from Grimsby, a town of 92,000, the firm imports and stores the chemical in 45-gallon stainless-steel drums. No more than 60 tonnes of the chemical is kept in stock at one time. MIC is stored in France and West Germany under elaborate control systems, inspection procedures and safety measures. The safety measures are designed to take care of the worst possible scenarios. In France, La Littorale, SA, a Union Carbide affiliate is the biggest stockpiler of MIC. It imports the chemical from the U.S. in highly protected drums carrying 213 kg, each of which must be handled separately and which cannot be stocked together. The drums are stored in separate sheds equipped with water sprinklers which are automatically activated by gas detectors that set off an alarm in case the concentration reaches a certain low level measured in one hundredth or one fifth of one part per million.

Safety Systems Technology : Broken Promises

In 1983, when the know-how agreement for MIC production technology between UCIL and UCC was renewed, the management specifically promised the Indian Government that it would ensure transfer of know-how for all the safety measures including the equipment required to tackle emergencies like sudden release of gases and fire accidents. The promise was made earlier in September 1982 also when UCIL had sought the letters of intent for the manufacture of 200 tonnes of methabenzthiazuron

and 50 tonnes of propofur per annum. Why were these promises not fulfilled?

It appears that the parent firm has never considered it important and desirable to part fully with the know-how package to India. The technology for the production of MIC is governed by the rather heavily restrictive American Export Regulations. This technology is placed in the Munitions list under the International Traffic in Arms Regulation (ITAR) Act and administered by the Department of Commerce and Department of State in consultation with the Department of Defence. India is a "Category V" country under the US Export Regulations requiring case-by-case analysis. Whereas an exception was made during 1978-79 in terms of the regulations to export this technology to India, other technologies which had dual-use implications such as spare parts for the nuclear power programme, components of launch vehicles and computers, were not allowed or the applications left pending. It appears that the permission for export of this technology was granted partly because it did not involve transfer of the latest technology but only an obsolete one.

The deaths in Bhopal are a sad commentary on the absence of technology assessment and implementation of safe-guards in the decision making processes with respect to foreign collaborations, approval and recognition of in-house R&D. In order that these deaths may not have been in the vain, the governmental authorities owe it to the people to monitor, regulate and control the foreign collaborations, especially in the areas involving any hazards whatsoever. It needs to be noted that at present the information called for approvals of foreign collaborations and in-house R&D recognition and renewal does not focus on pertinent scientific and technological details and their in-depth assessment by the S&T experts from the national laboratories, engineering and design organisations and in-house R&D of the public sector undertakings. Far greater nodalized focus is required in the decision making and regulatory and follow-up measures related to foreign collaboration approvals, and in-house R&D recognition and renewal.

Crisis Management

The causes and pattern of failure of UCIL plant are yet to be definitively ascertained. The fact, however, remains that the possibility of such an accident should have been anticipated right from the day the plant went into operation. The dimensions of the tragedy in Bhopal show clearly that the Government had no plan to enable it to cope with this eventuality. Not only were such measures absent, the official machinery itself fell victim to panic. It is no exaggeration to state that the public acted with greater control and foresight. Much before the official machinery which had earlier fled the city, returned to initiate some semblance of rescue and relief operations, many of the people had on their own stepped in to begin the task. Private vehicles like trucks,

riskshaws, etc. were ferrying people away from the worst affected areas and taking victims to the hospitals. It was only much later in the day that official machinery got involved in such operations and even then with no clear-cut plan. Needless to say, such random efforts were limited and handicapped by the total absence of information and instructions as to how to react to such a situation.

On the fateful morning, the A.I.R. made no relevant announcements which could assist the panic stricken people. People fleeing from the worst affected areas often ran into the wind carrying toxic gases. Even the broadcast schedule of the A.I.R. and Doordarshan did not change till later in the day; when people switched on their sets to get some instructions after the news of the accident had spread, they found to their dismay that the stations were off the air as usual. Even when they did come on the air at the usual time, the tragedy was mentioned only in passing in the regular news bulletin and that was all.

Central coordination of rescue, relief and public information operations was and continues to be glaring by its absence. Till the 11th instant there was no attempt to issue detailed guidelines to practicing physicians spread all over the city. Nor were there any public announcements as to the expected symptoms and possible precautionary and first aid measures. Even today no machinery exists for continuous monitoring of victims discharged from hospitals or for observation of the delayed effects and rushing in of necessary medical assistance.

Many important lessons may be learnt from the Bhopal tragedy. It is self-evident that even the enactment and enforcement of all the laws do not obviate the need for institutionalized mechanisms to deal with crises, such as the Bhopal tragedy, as and when they occur. Such mechanisms, evolved and implemented with full public participation, would include emergency drills, appropriate medical facilities, public information systems etc.

In the total absence of measures to educate the public or to take institutions and the people into confidence, the decision to restart the plant so as to neutralise the remaining methyl isocyanate (MIC) by converting it into pesticide SEVIN were naturally viewed with great apprehension. This resulted in a panic and exodus from the city. The fears were further fed by all sorts of rumours. Coupled with this is the total lack of credibility of the official media, the T.V. and Radio, and of official pronouncements. The utter failure of the authorities at the height of the tragedy, the collapse of official machinery and the poor performance of A.I.R. and Doordarshan shattered the confidence of the public who were already in the grip of panic and confusion. All this is compounded by political gimmickery and the concentration of the official efforts on obtaining compensation from the U.S. company rather than on providing immediate relief and taking precautionary measures.

The authorities have adopted a curious strategy of withholding

vital information regarding the extent and the effects on human beings, birds, animals and vegetation. This has added to the lack of awareness of the general public and other relief personnel, and has contributed to further panic. Even technical personnel, including doctors, are being kept in the dark regarding the investigations being conducted and the results obtained.

Apart from the total absence of the measures to educate the public as well as medical personnel, which would have greatly ameliorated the condition of the affected population, the authorities confounded the situation with a host of disinformation which only served to create further panic and hampered relief operations. Within a few days of the accident, presumably on the basis of preliminary investigations, formal statements were issued that air, water, vegetation and foodstuffs were safe everywhere in the city. At the same time T.V. features informed people that poultry was unaffected but wanted people not to consume fish, etc. Confusion was rampant and people were asking if it was safe to consume eggs, vegetables, etc.

Before a full assessment had been made, came the official announcement that the factory was being closed and that no further production would take place. No indications were given as to what would be done to the MIC remaining in the plant. The subsequent decision to restart the plant in order to neutralise the MIC, against the background of the prevalent confusion and lack of awareness, led not only to fresh panic but also contributed to the total loss of credibility of all the concerned authorities, their intentions and pronouncements.

The lessons to be drawn from the above are clear. Lessons may also be drawn from the experience of other countries which, besides having stringent industrial safety laws which are effectively implemented, also have well-planned and constantly reviewed emergency drills and procedures. In the U.S.A., for instance, ironically in West Virginia itself which houses the UCC parent plant, the Environment Protection Agency regularly conducts such drills and reviews, every month, its procedures with wide consultations with all agencies and the citizenry.

Research and Development in Bhopal

In the course of investigations made by DSF, we also came across an intriguing aspect of an UCIL R&D set up in which the company has continued to expand investment despite the losses in the plant and when the management had been taking measures like neglecting of preventive maintenance, effecting retrenchment, giving incentives for voluntary retirement and imposing a new manning policy. So much was the rationalisation in the investment in plant that the economy measures began telling on the safety and maintenance and repairs.

The increase in investment in R&D at the Bhopal unit has included recruitment of additional highly trained manpower and setting up of the

new pilot plants and the facilities like IR Spectrophotometers, NMR Spectrometer, L.P.L.C. (2 Nos.), etc. During the last three years, the company has recruited 8 Ph.Ds., 13 M.Sc.s. 6 graduates and 3 undergraduates in the R&D laboratories attached to the Bhopal plant.

The R&D unit in Bhopal was set up in 1976 with an initial investment of Rs. 2 crore which has been increasing. The company's R&D expenditure for the period 1976-84 towards capital and recurring costs is given below in the table :

	Rs. '000				
	Past 3 years (actuals) 1978-1980	Current 1981 (budgeted)	Next three years (estimated)		
			1982	1983	1984
A. Capital	3864	750	1000	1000	1000
B. Recurring	9746	2800	4750	5100	5600
C. Total	13610*	3550	5750	6100	6600
D. Foreign exchange component of 'C'	2426	151	1000	1000	1000

* For 1978 (3659); 1979 (4638); 1980 (5313).

The Company's yearly R&D expenditure has increased from Rs. 36 lakh in 1978 to Rs. 66 lakh in 1984.

The research at UCIL R&D Centre is aimed at development of pesticides suitable for tropical conditions and the facilities, reputed to be among the best in the world, includes three green houses having approximately 2,700 sq. ft. total area and having controlled temperature humidity and lighting conditions, 5 insect rearing laboratories wherein major rice insect pests are reared and an experimental farm of 2 hectares where experiments to determine residues on tobacco, chilly, cotton, potato, pulses, onion, etc. are in progress. A major R&D project completed at the UCIL R&D Centre is the perfection of mass multiplication and screening techniques for major rice insects such as gallmidge, stemborer, brown plant hopper and green leaf hopper. The R&D Centre is engaged in a big way in studying metabolism and residue of pesticide chemicals (received from the parent company) in soil, water and crops. About 150 new pesticidal molecules have been screened against rice pests during the last six years. For the field experiments the Centre has entered into collaboration with the Indian agricultural universities. The Centre is receiving on a regular basis new pesticidal molecules from the parent company for which residue analysis and bio-efficacy studies are being conducted through agricultural universities and institutes such as IARI, New Delhi, PAU, Ludhiana, HAU, Hissar, TNAU, Coimbatore, CTRI, Rajamundry, CRRI, Cuttack, JNKV, Jabalpur, etc. After conducting field studies and various laboratory experiments, the Centre is sending the data to the parent company in the United States. The UCC R&D

laboratories in Bhopal have even exported process design and manufacturing technology for TEMIK and SEVIN and their formulations involving know-how for production of lethal compounds, like MIC and phosgene, respectively to France and Indonesia.

Now, this extensive co-operation in R&D with the parent firm has been even formalized. Recently, the UCIL R&D laboratories entered into a collaboration agreement with the UCC, USA, to conduct experiments to synthesise new molecules, test them on tropical pests at Bhopal and supply the research data for an annual fee of US \$ 300,000. It appears that the UCIL has been conducting field studies using new chemical agents without getting the projects cleared through the high level screening committee of the three Secretaries of which the Secretary of the Ministry of External Affairs and the Defence Adviser are members. The top level committee was set up in 1975 for screening from the security angle all the research projects under collaboration after the PAC report on the Bombay Natural History Society's collaboration with the John Hopkins University to experiment on migratory patterns of birds and genetic control of mosquitoes experiments. The company is conducting also biological research related to identification and collection of germplasm for the rice varieties in the strategic area of north-eastern region of the country.

It must be noted that this R&D effort covers the grey area between peaceful application and biological warfare. The company has been claiming income tax exemption for this in-house R&D work. It should be stressed here that under the Indian Income Tax laws, such exemptions are confined to the R&D in the line of production. The question arises, whether the production is not a cover for the R&D activities useful to the U.S. Government. The ambitious expansion in R&D and the grey nature of the R&D programmes raises doubts about its real purpose. There is an essential need for new mechanisms to ensure that the people of this country will never be guinea pigs and subjects to inhuman degradation for purposes of war.

Looking Beyond

Apart from the difficulty of getting across to information and data relating to the incident gathered by the authorities, we were like many others handicapped by the non-availability of information and published literature on matters relating to industrial safety, occupation health, industrial medicine. Literature on effects of toxic chemicals, like MIC and phosgene, many of which falling under the grey area having both peaceful as well as warfare implications, is hard to get. As members of the scientific community, we were faced with the sudden reality that scientists were groping in dark about the reaction chemistry, values of heat of reactions, etc. which are crucial for the chemical calculations, various kinds of unclassified reactions and process details.

All this and the hesitancy to take the people and scientific community at large into confidence, has resulted in enormous confusion. An expert team is investigating the Bhopal tragedy. The team is expected, with the resources at its command, to produce a report which is fully informative and with details which could be cross checked independently by other members of the scientific community, including voluntary S&T organisations. One hopes that such a report would be forthcoming and would be freely available.

We hope that the following issues would be covered specifically in the report :

(a) Data related to the symptoms exhibited by the victims of the gas tragedy, and autopsy reports on human beings, cattle as well as aquatic life such as fish must be made available. We have been told that amides and cyanides have been found in large quantities in the bodies of some of the victims. This may be confirmed in the report. We have also been informed that fish, especially fingerlins, died in the neighbourhood. Such evidence would help identify the nature of toxic substances involved in the tragedy and the counter-measures required.

(b) Samples taken from the field (air, water, foodstuffs, etc.) as well as from various parts of the factory are understood to have been sent to various laboratories. The report of the expert committee should reveal fully the method of collection, site of collection, analytical methods adopted as well as results of the analysis and the reasons for conclusions.

(c) A number of questions relating to the nature of toxic gases released, how the reactions began, etc. need to be answered. Details of the calculations regarding the mechanism, reactants, reaction chemistry etc. and the impact area of the toxic emissions should be given.

(d) It is presumed that the expert committee would go into the plant records which the C.B.I has already seized. Further, it is essential that all documents and data related to in-house R&D be also made available for critical evaluation by the expert team.

The report should also throw light on the following facts :

- (i) Was the plant safety system adequately designed?
- (ii) Whether the plant handed down to UCIL was obsolete?
- (iii) Had it been rejected by others on the basis of dangers involved in undertaking production with the obsolete equipment?
- (iv) Was the transferred know-how package adequate in respect of safety information?
- (v) Whether it is a fact that the Company was preventing its workers from obtaining adequate information on safety drills and data on the process by the type of practices which it adopted to keep the technical information secret?
- (vi) In what respects did the safety standard incorporated in the design followed by the UCIL differ from the ones followed by the UCC in West Virginia plant of the UCC, USA?

Full implications of the incident would become apparent only when all these aspects are seen in their interconnections and full scope, and brought into the ambit of the enquiry underway.

This tragedy has clearly demonstrated the woeful inadequacy of the infrastructure in our country pertaining to industrial safety and occupational health. It is not enough for India to claim to possess the third largest scientific and technical manpower in the world. Scientists, engineers and technologists should all join hands with workers, doctors, lawyers and teachers to overcome the existing apathy in this crucial area.

Whatever one may expect of the government and irrespective of what the government and related agencies may actually achieve by way of legislation and executive measures to tackle the whole problem of industrial safety, it is only the vigilance of the people at large and the scientific community in particular which can guarantee safe harnessing of science and technology for human welfare. The scientific community must play an important role in building and spreading the awareness of the potential hazards and the measures that are required to counter them.

SURANJAN CHATTERJEE*

Economic History or an Apologia for Colonialism

AN English gentleman had observed, "the primary object of Great Britain, let it be acknowledged, was rather to discover what could be obtained from her Asiatic Subjects, than how they could be benefited."¹ Indeed this was a frank confession, but ideologues of the colonising nation, of a later period, refuse to admit this. To these apologists, colonial engineering injected life into and regenerated a stagnant and backward country like India. The second volume of the *Cambridge Economic History of India* (CEHI) is a researched demonstration of this viewpoint. Some Indian contributors to this volume, too, adhere to this colonial identity. We would discuss theme-wise the major views of some of the authors in this volume.

Land Revenue and Labour

The policies of the state regarding agriculture provide the central problematic in a backward country. Having this question in mind, E. Stokes, B.B. Chaudhuri and D. Kumar have argued that the appropriation of surplus from agriculture, in the form of land revenue, was not as high, with adverse consequences, as has been traditionally supposed. In fact, the peasants were more at the mercy of the landlords and mahajans than of the government. Agricultural changes, therefore, were according to them more due to these indigenous classes rather than to the government. This viewpoint has been developed to its logical extent by M.D. Morris in his discussion on labour. Oppressed and ruined by landlords and mahajans, the evicted peasants found employment in the industries and auxiliary sectors which were developed by the Raj. Had the Raj not taken these initiatives the condition of the peasants, according to him, would have been more miserable. In these new avenues of employment, Morris argues further, the condition of the workers had improved as was evident from the real wage data.²

The land revenue settlements evolved by the State, under Company and Crown management, were different in the various regions of India. One need not delve into the details of these settlements; some general

*Department of History, Murshidabad Adarsha Mahavidyalaya, West Bengal.

remarks would suffice. Except in the Bengal, where the land revenue was perpetually fixed, in other areas the land revenue could be changed from time to time. The state was the effective landlord. A classic description of the ryotwari system was given by Marx: "In Madras and Bombay we have a French peasant proprietor who is at the same time a serf, and a metayer of the State. The drawbacks of all these various systems accumulate upon him without his enjoying any of their redeeming features. The Ryot is subject, like the French peasant, to the extortion of the private usurer; but he has no hereditary, no permanent title in his land, like the French peasant. Like the serf he is forced to cultivation, but he is not secured against want like the serf. Like the *métayer* he has to divide his produce with the State, but the State is not obliged, with regard to him, to advance the funds and the stock, as it is obliged to do with regard to the metayer."³

In Bengal it became evident over time that the share of the state in the appropriated surplus from land was relatively less than that of the landlord. Precisely, as Bengal remained the chief citadel of the British Indian Empire—and this for political reasons—this system was not changed. Collaboration with the landlord was an essential element of the colonial strategy, and this was also implemented in other regions. The Punjab Land Alienation Act of 1901, for instance, was implemented to protect the traditional vested interests in land against fresh incumbents.⁴ Again, a significant departure of the British land revenue settlements from the previous Indian regimes was assessment on the basis of what and how much the land ought to produce and not on the crop that was actually raised. The actual revenue, therefore, was often much above that under the previous regimes. In 1899-1900, e.g., land revenue contributed more than a third of the total revenues of the government.⁵ Over the years, however, the income of the government was increasingly more from various cesses than from the imposed net land revenue. In Madras (excluding Malabar and South Canara), for example, a comparison between the averages for the periods 1861-64 and 1894-98 suggests that while the area under assessment had increased approximately by 28 per cent, the gross income from cesses had increased by over 700 per cent and the gross revenue demand, inclusive of cesses, by 51 per cent.⁶

A high gross land revenue demand created the conditions for the penetration of moneylending capital in the agrarian sector. E. Stokes, B. B. Chaudhuri and D. Kumar fail to perceive the responsibility of the State in augmenting the domain of the usurer which made the feudal relations of production more complex and the agrarian economy more miserable. The really important and characteristic domain of the usurer, wrote Marx, "is the function of money as a means of payment. Every payment of money, ground rent tribute, etc., which becomes due on a particular date, carries with it the need to secure money for such a purpose."⁷ Besides this, the demand of the British bourgeoisie for crops

like indigo, raw cotton, opium, oilseeds, sugarcane, wheat, and jute forced the peasants to switch over to and increase the production of these crops. In addition, the integration of the rural economy with the world market and the fluctuating demand therein affected prices and incomes of the peasants. The usurer's grip was, therefore, strengthened by these processes.

Rates of interest of the usurers varied from region to region. But, once in the clutches of the usurers, there was no way out for the peasants. Some late nineteenth century surveys reveal the extent of indebtedness among the peasantry. In Punjab 83 percent of the rural population was in debt and the average indebtedness was Rs. 76 per head.⁸ Intensive village surveys revealed that in parts of Madras 90 per cent of the agricultural population was in debt, the amount varying between Rs. 35 and Rs. 900 per family.⁹ Indebtedness and consequent loss of 'rights' of the small peasantry was a universal phenomenon in the countryside.¹⁰ Voluntary sales of raiyati holdings in Bengal alone in 1881-82 were 50,500.¹¹

Therefore, land revenue policies of the state, in particular, and the adverse consequences of usurious capital, in general, conjointly operated to separate the peasant from land. Wakefield's theory of "systematic colonisation" rested on the policy of "manufacture of wageworkers in the Colonies".¹² And the State gave effect to this theory. The Commissioner of Assam instructed in 1861 :

I see very well that the land taxes here are almost nominal; that they might be doubled...At present we take very little from the Assamese, and we do very little for him. We do not intercept the bounty of nature on the one hand; on the other hand, we do not lead him to look for more than nature provides, and place him in communication with the outer-world, and put him in the way of acquiring new material wants. The result is that he remains an indolent, sensual non-progressive being.¹³

Therefore, to make the peasantry "progressive" and force him to acquire "new material wants", land revenue was raised to evict him from land and thereby transform him into a "productive" being.

In England the process of 'primitive accumulation', expropriating the small peasant from land, was an essential condition of capitalist industrialisation. On the contrary, in India, the very process of primitive accumulation strengthened the basis of capitalist imperialism. Expansion of industrialisation in Britain set forth the process of integration of the colonies in accordance with the new demands of the industrial metropolis. Being potential reservoirs of varied resources these were to be exploited by the employment of labour in certain 'appropriate' fields. As the English trade with the colonies resembled the traffic between town and country,¹⁴ the latent objective of the colonial State, in India, was the mobilisation of and supply of labour to the principal centres of production.

Northern, southern and eastern India were the principal regions from where labour was recruited and transported to the distant mines, plantations and industries. The annual average export of South Indian labour to Ceylon alone had increased from 11,531 in 1839-43 to 71,645 in 1864-68.¹⁵ By 1931 the total number of Tamil labourers in Ceylon was 692,540.¹⁶ Till 1870, 323,877 labourers, recruited mostly from N.W. Provinces and Oudh, were shipped to the West Indies.¹⁷ Labour for the rubber plantations in Malaya were drawn principally from Tanjore, Trichinopoly, Madras, Salem and Coimbatore.¹⁸ Dharma Kumar, notes that inequality was fast eroding in Coimbatore, Malabar, Trichinopoly, and Tinnevely.¹⁹ But obviously, it was migration, which under the circumstances amounted to an export of poverty, that lay behind the so called reduction in inequality.

The peasants had been ruined, but were they gainfully employed in the manufacturing sector? The workforce dependent on the manufacturing sector had decreased from 10.1 per cent in 1901 to 8.7 per cent in 1951.²⁰ I hope Morris understands simple arithmetic. Furthermore, Morris' calculation of real wages is based on K. Mukherjee's data which are themselves incomplete and from which nothing positive can be deduced.²¹

Imposed Imbalance in Agriculture

E. Stokes, B.B. Chaudhuri and Dharma Kumar are in agreement on certain fundamental points. First, the independent internal dynamic of Indian agriculture, according to them, was not lost as the agrarian sector remained largely independent of the influence of British capitalism. The marginal influence that the Raj had was—they argue—progressive. According to their findings, incomes of the agricultural classes increased in areas where commercialisation had spread, while the usurers' control over, as well as the poverty of, the peasants was high in non-commercialised areas. And lastly, retrogressive changes in the agrarian sector, if any, were largely—they argue—due to the specific aspirations of indigenous landlords and usurers. B.B. Chaudhuri, for instance, argues that the barga system was the consequence of the moneylenders' control over the economy.

What emerges from their analysis is the notion of a dualistic structure—a feudal agrarian structure and a colonial industrial structure. This is because their perspective rests on the metaphysical viewpoint of comprehending things in absolutely irreconcilable antitheses, in the perception of the motion of objects as a consequence of contradiction between two objects and not due to contradiction inherent in the object itself. Once political hegemony of British capitalism was strengthened in the colony, the internal dynamics of the metropolis and the colony became an inseparable whole. Their separate identities were substituted by interdependence, with the dominant dynamic controlling and modifying the subordinate dynamic. Here, the dominant dynamic was that of

British capitalism executing itself independently of and through the State. As this interdependent relationship was one of domination and subordination, the pattern of development in the country subordinated could not follow that in the dominant country. On the contrary, it would allow a growth fitting into the political and economic necessity of British capitalism and the colonial State. This integration of the Indian agrarian economy with and its subordination to British capitalism resulted in a peculiarity. That is, in its entirety, it resembled neither the behavioural norm of the capitalist nor of the feudal mode of production and distribution. Such a peculiarity, we think, could be better explained as *capitalism in form and feudalism in essence*.

It was the land revenue policies of the State and the demand of British capitalists for the production of specific crops that led to the expansion of moneylending capital in the agrarian economy and increased the power of the usurers. Indeed, the British Indian Empire was fragmented into specific commercial crop producing zones. These commodities found their way into the capitalist mode of exchange (export market), without, however, creating the pressure to change the feudal relations of production. Had this relation of production been a deterrent to expansion of production, it might have been broken. The State and the British capitalists were satisfied with the gross land revenue and the production of exportable crops. Beyond that their interest was marginal. On the other hand, the usurer operated on the principle of ensuring a continuous flow of income from high interest rates. And small peasant economy was the appropriate soil for usury to flourish upon. Marx had observed :

usury is centralised money wealth where the means of production are dispersed. It does not alter the mode of production, but attaches itself firmly to it like a parasite and makes it wretched. It sucks out its blood, enervates it and compels reproduction to proceed under ever more pitiable conditions.²²

To the landlord, cultivation of land through share-cropping was more profitable than by hired labour. And this for two reasons. The responsibility of cultivating and marketing the produce was vested exclusively on the share-cropper, and the landlord could profitably tag himself only with the proceeds of the produce (in cash or kind). The peasant, therefore, had to bear a twofold exploitation caused by absentee landlordism and the usurers' control. In totality, thus, the role of the State and the classes (British capitalists, landlords and usurers) has to be comprehended as an inseparable unity. The share-cropping system as well as the territorial and economic bondage was the linear consequence of the policies of the State and the British capitalists, dominating this interdependent relationship.

Those who sincerely believe that the income of the agricultural classes had increased in the commercialised sector fail to relate this aspect

with other developments like the usurers' control over the production process and the undeveloped market organisation.²³ In other words, to what extent were the peasants able to retain control over their own produce? An important feature of the agrarian economy was the dwindling control of the small peasant over his own produce. The belief that incomes were rising might have some validity in the case of the rich peasants, but for the vast small peasantry this can hardly be accepted.

What benefit accrued from commercialisation? Commercialisation of agriculture does not only signify production of commercial crops. It entails certain significant changes in the agrarian economy: differentiation among the peasantry, emergence of land market, concentration of landholding, 'productive' reinvestment of surplus, extension of rural credit, and the emergence of free labour market. In other words, commercialisation of agriculture is the groundwork for subsequent capitalist development. The nature of the changes in India, therefore needs a deeper analysis than is attempted by our Cambridge economic historians.

The imposition of the capitalist mode of exchange accelerated differentiation among the peasantry, as is evident from the *Annual Reports of the Registration Department* for the various regions, but without an orientation towards concentration of landholding and emergence of free labour market. Concentration of landholding, in a capitalist mode of production, signifies a growing interest in land as a reproductive capital. Each step forward in the application of new knowledge and improvement in production process (i.e., control and extension of water supply, innovation of new implements and diffusion of high-yield varieties, manures, etc.) would have elevated the peasants from dependence on the vagaries of nature. The landlords, on the contrary, were inclined towards hoarding, or conspicuous consumption, or investment in areas that raised their social prestige (a feudal value), or investment of money in trade (in the sphere of circulation and exchange) which guaranteed a better rate of return, rather than towards investment in the improvement of means of production. Evicted peasants were largely re-settled as bonded sharecroppers. For the usurers too, small peasant economy was congenial, and amenable to their control. Under these conditions, therefore, the development of the labour market was retarded.

Marx distinguished between two processes of the emergence of labour market. First, the labourer and "the owner of money meet in the market, and deal with each other as on the basis of equal rights, with this difference alone, that one is a buyer, the other seller; both, therefore, equal in the eyes of the law. The continuance of this relation demands that the owner of labour-power should sell it only for a definite period...". Secondly, if the labourer were to sell his labour-power "rump and stump, once for all, he would be selling himself, converting himself from an owner of a commodity into a commodity."²⁴ In India, in general, the nature of the labour market resembled the second process described

by Marx. The labourer was coerced into selling his labour-power practically for an indefinite period of time. Defined as "indenture system", this form of recruitment was entirely controlled by the British managing agency houses.²⁵ This system prevailed in the coal mines, tea plantations, jute mills, and in the export trade of labour.²⁶

Again, instead of a thorough development of a free land market, we have evidence of land transfers and land mortgages. Control of the landlord and usurer in this respect cannot be gauged adequately from the documents of the Registration department. At the lower ranks of the rural society there are always numerous *unrecorded* and *unregistered* land transfers and land mortgages, evidence for which often can be found in literary sources. Furthermore, this dichotomy was reinforced by the landlords and mahajans, because more surplus could be squeezed from such relations of production, by resettling the peasants on the confiscated land with relatively harder terms. Indeed, the expansion of rural credit did not liberate the peasant from the vagaries of nature or raise the productivity of agriculture. But, it did perpetuate the misery of a vast number of smaller peasants.

Distortions, therefore, permeated at different levels of the agrarian economy. Compared with the pre-British era, not only did the peasants lose control over their produce, but even their control over nature was greatly diminished. In many parts of Bengal, N.W. Provinces and Oudh, and in Madras, floods, water-logged conditions, salinization, loss of cattle and man power from various types of diseases, deforestation and decrease of rainfall—these were some of the major factors that diminished peasants' control over the forces of nature. It was the policies of the State that largely contributed to this development. Some of these factors would be discussed in a later section.

Agricultural Research for British Capitalism

A general textbook on economic history has to have a section on research and development of technology in agriculture by the government and private individuals. The Agri-Horticultural Society, the Imperial Institute of Agriculture at Pusa, and various experimental farms were the famous schemes that were implemented for agricultural growth. The agrarian historians of the CEHI, however, find little interest in highlighting this aspect. As our scope is limited, we would pass some general comments on this.

The prime emphasis was on the improvement of the quality of crops. Experiments in this direction were concentrated principally on raw cotton and jute. Regarding raw cotton, the objective was to try the cultivation of long-staple variety which could suit the requirement of Lancashire spinning machines. For the spindles/charkhas in use in the villages in India, the long staple was of no utility. Capital squeezed from the Indian tax payer, was wasted for the long-staple variety that could not,

after repeated attempts, be grown successfully in the experimental farms at Kanpur and Burdwan.²⁷ Similarly, the experimental farms at Burdwan and Cuttack started experiments with jute to improve its quality. It was the pressure of the Jute Mill owners that forced these experiments. However, it was found that only the application of costly manure could produce the desired result. And the peasants were reluctant to use artificial manures for financial manures.²⁸

Besides the emphasis on quality, the objective was also to raise productivity. And some success was achieved in this field as affluent peasants could be persuaded to introduce high yield varieties of sugarcane and wheat.²⁹ However, it may be noted that quality or productivity were geared to the export market. For instance, in the 1890s India's share was more than 12 per cent of Britain's total wheat imports. Between 1904 and 1913 this share increased to 18 per cent.³⁰ Moreover, artificial manures like sodium nitrate, bonemeal or oilcakes and saltpetre produced in Punjab and the United Provinces were primarily exported, because the peasants could not afford to purchase such costly manures.³¹ The government was aware of the 'unproductive' use of cowdung as fuel, by the peasants but it failed to persuade the poor peasants to use, coal as fuel; coal had to be purchased at a high price, whereas, cowdung was available at hand and at no cost.

Though limited, the diffusion of agricultural research too was with the bias of exploiting Indian resources more thoroughly. A. Mackenzie, Secretary to the Government of Bengal, in his confidential minute, of 20th November 1879, to the secretary to the Government of India, frankly admitted the *nature* of agricultural improvements:

My view is that in the matter of tilling the ground and raising from it Indian products the natives of India, with the experience of centuries on their side, have nothing to learn from us; but that in the matter of preparing, for a foreign market...they have very much to gain.³²

Thus, the colonial character of agricultural research cannot be doubted.

Investment in Empire

Surplus appropriated from the colony, it has been argued, was ploughed back in the empire for the benefit of the people. Whitcombe says that investments of the government and the bourgeoisie in irrigation works raised agricultural productivity and helped in the diversification of the cropping pattern. Like-wise, railways construction, according to Hurd, provided a great stimulus to internal and external trade which gave the Indian economy a dynamism previously absent. Besides this, the railways laid the foundations for the development of Indian industries, and the handicrafts of India were saved from perdition.

By 1938-39 almost 22 per cent of the gross cropped area came under

irrigation.³³ Apparently the figure is illuminating but its effective value cannot be gauged. The benefits of irrigation in areas of uncertain rainfall and winter cropping were limited. In Madras, the cultivators were indifferent to the government canals, "preferring wells and tanks as being more suitable for their purpose, and less hurtful in wet seasons."³⁴ Faulty drainage, water-logging and salinization had no protection against the external diseconomies of the canal like malaria. Whitcombe's book gives ample evidence of an increase in the incidence of malaria in areas where irrigation had obstructed drainage channels.³⁵ Readers would have benefited immensely from her article in the CEHI if she had calculated the total cultivable acreage that had been thrown out of cultivation due to irrigation. In addition, government canals fed a narrow area. A concrete example, though not an isolated one, would illustrate our point. In Burdwan, previously, 700,000 acres of land had benefited from the ancient distributaries of the river Damodar. Government embankments ruined the system. Instead of instituting schemes beneficial for the whole area, the construction of Jamalpur (1875) and Eden (1881) canals served only 10,000 acres of land as against 700,000 previously.³⁷

Furthermore, irrigation works increased the earnings of the government. For every bucket of water taken from the newly constructed canals the peasant had to pay a tax. In parts of Bombay and Madras there were separate land revenue assessments for irrigated and non-irrigated lands respectively, and the assessment for irrigated land included the charge for water. The rate, however, varied according to the acreage and nature of the crop.³⁸ In Orissa, irrigation works raised the revenue/rent demand arbitrarily. Third class land that came under irrigation benefits were to pay rents comparable to first class land. Therefore, instead of liberating the peasants from exclusive dependence on rainfall, only the earnings of the Irrigation Companies and the government had increased. For instance, in the Central Provinces, western Bengal, southern Bihar and northern Orissa large-scale irrigation works had to be constructed to encourage cultivation. But, the government ruled this out. To the government productive irrigation works meant those schemes that would yield a high revenue, and investment could be made only in such schemes.³⁹ The Revenue potential of an area was investigated prior to implementation of irrigation schemes.

Productive irrigation works are expected within ten years after the probable date of their completion to yield sufficient revenue to pay their working expenses and the annual interest calculated at 4% on the capital invested. No project is now sanctioned as a productive public work unless it can be shown beyond reasonable doubt that when fully developed it will fulfil these conditions.⁴⁰

In 1921 government's earnings rate from 'productive' works was on an average 9 per cent.⁴¹

Whitcombe's argument that irrigation resulted in diversification of

cropping and increased productivity is also conjectural. Crop productivity did increase, but this was more due to the application of new varieties rather than the irrigation works.⁴² However, crop diversification did occur in the irrigated tracts. In northern and eastern Bengal land was diverted from foodgrain cultivation to jute cultivation; in Berar cotton and oilseeds grew in importance; and in Gujarat, Deccan, Central Provinces and south Madras, cotton and oilseeds replaced food crops. In N.W. Provinces and Oudh, the emphasis was on sugarcane, wheat and opium.⁴³ The net consequence of this shift was the peasant's two-fold dependence on the market: for the purchase of food crops, like millet, and for the sale of commercial crops. This dependence on the market, therefore, intensified the exploitation by the traders and moneylenders.

It is true that in the industrially developed countries railway construction helped the integration of the home market, facilitated trade, and led to the development of capital goods industries and technological innovations in engineering. Marx had, therefore, assumed that in India too a take-off in these directions was likely to follow railway construction. These expectations were belied. Railways proved advantageous to British capitalism and brought ruin to the Indian economy.⁴⁴ Instead of generating new incomes from unemployed resources, a large part of the expenditure was remitted abroad. 'Indian debt' in England had increased from £ 15.09 million in 1858-59 to £ 55.40 million in 1876-77.⁴⁵ According to Jenks, "more than one-third of the capital invested in Indian railways down to the early eighties was spent in England for railway iron and the cost of its importation to the East."⁴⁶ A total of £ 365.3 million British capital was invested in India by 1909-10. The government's debt accounted for £ 182.4 million, of which, railways and other transport accounted for £ 141.5 million.⁴⁷

Secondly, the railways did not call to life in India a vigorous industry to provide structural materials. For a long-time India's self-sufficiency in the production of locomotives was arrested by the British bourgeoisie. And only about 700 locomotives could be produced by the time of independence. The railway workshops at Jamalpur, Bombay and Lahore were nothing but repair centres.⁴⁸ On the other hand, however, a market for British iron and steel products was secured through the railway network.⁴⁹ Thirdly, as the Indian Industrial Commission noted, very few Indians were allowed to become foremen. Also, there was no provision for the technical training of Indians. Upto 1947, most of the higher posts remained a European preserve.⁵⁰ Lastly, the claim about the so called resurgence of handicraft manufactures is also untenable. Available regional researches point to the decay of Indian handicrafts throughout the nineteenth century. In the Madras Presidency, the weaving industry was declining in the Northern Circars, Tinnevely, Coimbatore, Salem, North Arcot and Bellary; and the iron workers at Chingleput, Ganjam and Rajahmundry were also quitting their profession.⁵¹ The story of decline can

be traced in other regions also.⁵²

Certain other impacts of the railways are, however, more significant. Imperial political expansion brought under the British bourgeoisie a vast command area which could be exploited both as supply zones for the metropolis and as market for imported manufactured goods. Quicker transport facilitated transfer of raw materials from the interior to the ports. During the American Civil War (1861) when the supply of raw cotton to England suddenly dwindled, the State immediately got down to the task of constructing of railways and other transport facilities in areas where raw cotton was grown. Similarly, the supply zones of rice, sugarcane, wheat, jute, oilseeds, opium and tea were integrated with the ports. The total value of exports increased immensely from 67.43 crores in 1878 to 121.95 crores in 1901.⁵³ In a colonial country, increasing export is an index of increasing exploitation rather than growth; in India's case, this exploitation was crucial for England because in the imperial payment framework, India's export surplus to a great extent "provided the wherewithal for balancing accounts with those countries with which Britain happened to run a deficit."⁵⁴ Furthermore, economic and political integration through an improved transport network could create the conditions for deeper investigations into other exploitable resources in India. For instance, the publication of Sir Thomas Holland's *Report on the Mineral Resources of India* in 1908 showed the way for the commercial production of lead, ferro-manganese, copper and silver.⁵⁵

The agrarian historians would, however, argue that the development of an external market gave the peasant economy the economic impetus which was previously lacking. But the cases of jute, sugarcane and cotton show that the benefit was reaped solely or almost solely by the intermediaries.⁵⁶ Indeed, the transport network brought in its trail famines and malarial fever. Compared with the first half century, with less transport improvement, there were more famines during the second half. Between 1800 and 1850 there were 7 famines claiming an estimated 1,500,000 lives; but in the second half there were 24 famines claiming an estimated 31,000,000 lives.⁵⁷ During the famine years also, export of food grains continued, often depleting the stocks. In 1896-97 and 1899-1900, the two famine years, the exports of food grains amounted to 31 million cwt. and 44.3 million cwt. respectively. Imperial consideration was more important than famine and mortality in India. And further, expansion of irrigation did not conquer famine.⁵⁸ It should be further noted that railway construction was one of the causes of the spread of malaria in Bengal. Devastation was first noticed on both sides of the E.I. Railway.⁵⁹ C.A. Bentley's memorable work on *Malaria* was a pointer in this direction. In Bengal, says Bentley, "railways and roads do little or nothing to stimulate the bringing of land under cultivation. On the contrary, any direct influence which they exert on agriculture tends rather to its decline than to its improvement."⁶⁰

Thus, investment in empire was 'productive' for British capitalism and 'unproductive' for Indian economy. The proportion of 'takavi' advances, that was provided by the government for agricultural growth, to total revenue collected was insignificant. The figures for Oudh which were more or less representative for the northern provinces as a whole, are interesting: in 1874 a little more than 1/900 of the total revenue collection was returned as takavi advances.⁶¹ The State's expenses on the military establishment were much higher than expenses for agriculture. Even higher was the drain from the Indian treasury to Britain. When the Sultan of Turkey visited London in 1868, a ball was arranged for him at the India Office, the bill charged to India. Similarly, for a lunatic asylum in Ealing, for gifts to members of a Zanzibar mission, and for consular and diplomatic establishments of Great Britain in China and in Persia, the money was taken from the Indian Treasury.⁶² Such instances were symptomatic of the prevailing state of affairs.

A Framework for Industrialisation

In Morris' framework for the measurement of industrialisation in a country just embarking on it, his indices are growth in productivity and the response of the bourgeoisie motivated to control and expand the industrial base of the country. An illustration from Morris would clear his second measurement index. The dominance of British managerial and technical cadre as well as the insignificant role of Indian capital in the jute industry during the colonial period was due to the lack of initiative of the Indian bourgeoisie to invest in this sector as the "rates of return were not high enough to be attractive".⁶³ As the British were ready to accept a lower rate of profit, he argues, their control remained supreme.

Measurement of industrial growth in terms of productivity only can be an index in a country already industrially advanced. But, in a country just beginning to industrialise this cannot be a sufficient index. More crucial indices are, the breadth and depth of the home market, availability of labour and capital, and the nature of industrial organisation and technology. In a colonial country there is yet another crucial index: relations with foreign capital. On this aspect, Morris has only a few scattered sentences. From his argument it emerges that Indian capital was asserting itself. Before we take up this question, a few words on Morris' second measurement index has to be said.

First, without going into details it is sufficient to say that in Eastern India the control of the British bourgeoisie was stronger than in Western India due to political and economic factors.⁶⁴ Bengal was the heart of the British Indian Empire and, therefore, here the policies of the State and the British bourgeoisie were different from those in other parts of India. Three important industries in which the British had special interest—jute, tea and coal—were located in Eastern India and British control over these was never relaxed. As Lancashire Cotton Industries were sufficiently

developed and were in control of the world market, the British had little stake over the Cotton Mills that had developed under Indian capital.

Secondly, the knowledge of as well as control over the world market was an important factor favouring British capital. And this was one of the reasons why the Indian bourgeoisie restrained itself from investing in jute. Besides this, the production of raw jute was almost exclusively under the control of the Indian Jute Mills Association through a network of intermediaries. No Indian capitalist, therefore, could meaningfully enter this field. Thirdly, the rate of return in the jute industry which Morris supposes to have been low and, therefore, to have been the chief deterrent to Indian capital's entry in this field was not actually so. Between 1915 and 1924, the period of industrial expansion in India, the annual return on the capital in the jute industry was 90 per cent during the whole period.⁶⁵ Statistical evidence contained in the *Annual Review of the Trade of India* also confirms the point for a later period. In 1941-42, in spite of adverse developments in the international situation, the profits of 60 Companies amounted to Rs. 359 lakhs.⁶⁶ In 1945 profits earned by 61 Companies amounted to Rs. 379 lakhs.⁶⁷ In addition, availability of cheap labour in plenty, increase in working hours, stagnation of wages—all such factors had kept up the profit rate of the British bourgeoisie. The underlying assumption of Morris that the British bourgeois was more rational than the Indian bourgeoisie is outright idealist nonsense. The only rationality of capitalist mode of production is to increase the quantum of surplus value.

An important aspect in the study of industrialisation in colonial India is the relation between the British and Indian bourgeoisie, the nature of their conflict and collaboration. Any explanation of this relation should begin from the internal dynamics, specifically of British capitalism, but also of other imperialist powers. Development in the processes of production of metropolitan capitalism from one phase to another provides them with the opportunity of exercising monopolistic control over the colonies more thoroughly; from this positional advantage the metropolitan bourgeoisie allows the bourgeoisie of the colonies to expand its industrial base to an extent. But, this expansion is always subordinate to the level of technological advance of the metropolitan bourgeoisie.⁶⁸

To explain it further, when metropolitan monopoly rests on advanced technology, the colonies are allowed to develop heavy industry. It is this monopoly that always keeps the bourgeoisie of the colonial country in dependence. Besides this, from their position of dominance the metropolitan bourgeoisie entrust upon the dependent bourgeoisie a specific productive role in the international division of labour. It is difficult for the bourgeoisie of the colony to assert independence, because of an extremely undeveloped home market and the incapability of the bourgeoisie to create that market. This forces them to get a passport to trade in the reserved field of the metropolitan bourgeoisie. Secondly, to survive the

competition in the world market the dependent bourgeoisie has to borrow advanced technology. This again reinforces dependence, because it raises the productivity of the industry without the market. Lastly, in a backward country availability of capital is a problem to a large extent. Thus, during the colonial period there were periods of conflict between the Indian and the British bourgeoisie, but this as such never assumed an over-all antagonistic character for the reasons stated above. Without a discussion on this problematic, Morris' chapter on Industrialisation becomes a meaningless exercise.

Conclusion

A study of the political economy of a colonial country should have included a discussion on the State. The state, the alienated force, is the organ of a given system of production based upon a predominant form of property ownership, which invests that state with a specific class bias and content. Every state is the instrument of the decisive class in the economy. Bourgeois economic historians try to evade any discussion on the State in order to avoid lending a clearer focus on the direction of the economic change that takes place. With greater concentration on micro-economic details—without establishing the interconnections between the smaller parts and the major unit that holds the parts together in a given period and infuses into the whole the specific form of orientation—there is the danger of losing sight of the actual contradiction. In a colonial country the *State* is the fundamental organ, holding the parts together and infusing an orientation into the whole economy which the metropolis would like. Particularly after 1857, the British Indian state could be characterised as the Capitalist Colonial state, because the State executed policies in the interests of the British industrial capitalist class. Though the hegemony of the British industrial bourgeoisie was established, in the colonised country it took as its subordinate partners the indigenous landlord and the bourgeois classes. There were contradictions between the dominant class of the colonising nation and the subordinate partners of the colonised nation, but these were not of an antagonistic character.

In the colony, however, the operational behaviour of British industrial capitalism, whether through the State or independently of it, largely resembled the behaviour of usurious capital. Marx characterised this behaviour as follows:

...it indeed appropriates all of the surplus-labour of the direct producers, without altering the mode of production; whereby the ownership or possession by the producers of the conditions of labour—and small-scale production corresponding to this—is its essential prerequisite; whereby, in other words, capital does not directly subordinate labour to itself, and does not, therefore, confront it as industrial capital—this usurer's capital impoverishes the mode of production, paralyses the productive forces instead of developing

them, and at the same time perpetuates the miserable conditions in which the social productivity of labour is not developed at the expense of labour itself, as in the capitalist mode of production.⁶⁹ One may question the rationality of this essentially contradictory operational behaviour. Two factors would explain why capitalism does not imitate itself in the colonies. First, to allow independent capitalist development in a colony would destroy the base of the metropolitan bourgeoisie. Thus, the colony will have to remain an underdeveloped dwarf. Secondly, the industrial bourgeoisie operating in a colony has to have indigenous partners for the stability of the empire. In a backward country the most important partner was the feudal class. The "holy alliance" between the British industrial bourgeoisie, the landlords and the Indian bourgeoisie was determined by the class struggle of the exploited masses. Some economic historians may argue that changes in economic policies of the State were consequences of the contradiction between the "partners". There is an element of truth in this contention, but it should not be overstretched to the point where we lose sight of the basic fact of partnership. Our emphasis: unity among the partners was the dominant relationship and major policy changes were results of class struggle of the exploited masses.

To neglect these aspects and relationships in the study of economic history of the colonial period is to miss the central point. In the trail of Bayley and other Western scholars the second volume of the CEHI also argues, though in an indirect way, that colonialism was a 'natural phenomenon'. But, this is not surprising. The 'gift' of bourgeois historiography, rooted in the colonial mentality, which the continuing dependence on foreign rule diffused, could never be better than this.⁷⁰

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Thavaraj*; Small enterprises and crisis in Indian development
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in North Bihar; Tribal development in North-East India.

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Role of Communists in the freedom struggle in India:
BT Ranadive; Struggle for proletarian hegemony: *E M S
Namboodiripad*; Communists and 1942: *Sumit Sarkar*; Historical
and economic roots of regionalism: *Parkash Karat*;
Marx, Ure and managerial control: *Mohinder Kumar*.

SOCIAL SCIENTIST: Volume 12 Number 10 October 1984;
Subaltern Studies II: *Sangeeta Singh, et al*; History in the
present tense: on Sumit Sarkar's "Modern India": *Arvind
N Das*; Peasants in Revolt: *Pratap K Tandon*.

SOCIAL SCIENTIST: Volume 12 Number 11, November
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Krishnan*; U S Imperialism in Africa: *Rajen Harshe*;
Imperialism in South Asia: *Zoya Hasan*.

SOCIAL SCIENTIST: Volume 12 Number 12, December
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Volume II: *Irfan Habib, Amiya Bagchi, Utsa Patnaik, A.
Ghosh*.

S o c i a l S c i e n t i s t

Socialism and the Re-Making of Man: A Far Cry? Yet the
Prime Proud Quest

Hiren Mukerjee

3

Capitalism in History

Irfan Habib

15

Gender, Body and Everyday Life

Meenakshi Thapan

32

Hegemony and the National Mental Health Programme:
A Conceptual Preface

Parthasarathi Mondal

59

NOTE

73

REVIEW ARTICLE

75

266-6

SOCIAL SCIENTIST

VOLUME 23

NUMBERS 7-9

JULY-SEPTEMBER 1995

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Editorial

There was a time in the 1920s when the days of capitalism appeared so numbered that discussion among socialists centered in many instances on the question of whether to participate in bourgeois parliamentary elections. In one particular instance George Lukacs who advocated a boycott on the grounds that capitalism and its institutions were on their last legs and that the proletariat should be giving them a final push instead of making them work, was admonished by Lenin who argued that capitalism may have become historically obsolete, but not yet politically obsolete everywhere.

It is an irony of history that today the triumph of the same mode of production appears complete, with the collapse of the Soviet Union, with the reabsorption of Eastern Europe under the hegemony of a Germany-led EC, and with whatever remains of socialism forced to make such compromises that its socialist character seems blurred at first sight. But is the triumph really complete, as the *hosannas* sung at the victory celebrations suggest or is this yet another evanescent phenomenon? The socialist answer to this cannot be based merely on faith; it has to be based on a reading of history, upon the *modus operandi* of the system, upon its potentialities and characteristics. And we are glad that in the current number of *Social Scientist* we carry two pieces by two eminent scholars of history belonging to different generations but sharing the socialist perspective, who address themselves, each in his own way, to this question.

Professor Irfan Habib's paper, though it takes off from the old *Science and Society* debate between Dobb and Sweezy on the transition from feudalism to capitalism, constitutes an extremely original contribution to understanding capitalism. The idea that capitalism arises from the contradictions of the feudal mode and can do so in all societies if these contradictions are allowed to work themselves out undisturbed, is contested by him. Like Sweezy he takes the period between the decline of serfdom (with which he strictly identifies feudalism) and the emergence of capitalism as being characterised by a 'petty mode of production' but attaches a crucial role to primitive accumulation of capital in both its aspects, viz. the dispossession of the peasantry as well as colonial exploitation, in the genesis of capitalism. It follows then that not all countries could, even in principle, peacefully develop capitalism from the contradictions of their feudal modes.

But if imperialism (in the form of colonialism) lay at the genesis of capitalism, the system requires imperialism for its functioning all through its history. In the early phase of capitalism, Habib argues, imperialism is necessary for preventing the falling tendency of the rate of profit and this is achieved through the imposition of 'imperialism of free trade'. In the later phase of capitalism as monopolies emerge and rival imperialist powers compete among themselves, the character of imperialism undergoes a transformation, though it still remains imperialism. In short, capitalism is inconceivable without imperialism, a proposition which has far-reaching implications.

The text of Professor Hiren Mukerjee's P. C. Joshi memorial lecture is a highly sensitive personal account of his perceptions regarding the failures of socialism even in the midst of its glory, the failures of the revisionist leadership that came to the helm of affairs in the Soviet Union, and the nature and enormity of the tragedy that has overtaken mankind by the collapse of the socialist project. A revival of this project is inherent in mankind's quest for liberation, a proposition based not on faith but on the conviction that capitalism, no matter what its current triumphs, represents a remarkably flawed system.

This issue also contains two other papers, one by Meenakshi Thapan exploring the prevailing definitions of womanhood in contemporary urban Indian society, and the other by Parthasarathi Mondal which uses the concept of hegemony to throw light on the problem of peoples' participation in the National Mental Health Programme.

HIREN MUKERJEE*

*Socialism and the Re-Making of Man: A Far Cry? Yet the Prime Proud Quest***

It is a pleasure to respond to an invitation I just could not decline. Puran Chand Joshi, notable in our time, was to me a dear friend through the ups and downs of our life in the Communist movement. I could also not escape Professor Panikkar's kindly summons since I had assisted at the birth of this University, whose first Vice-Chancellor, my friend since 1930 in Oxford, G. Parthasarathi, died the other day—a wrench that hurts still.

Two disparate personalities—P.C. Joshi, unusually sensitive for a 'professional' politician, and Muzaffar Ahmad, staunchest among our Communist pioneers—helped me most to find my feet in the party where, in spite of many unhappinesses, I have had my being for some sixty years. I can reminisce over PCJ's experience of 'democratic centralism', 'unexceptionable in theory but in practice sometimes damaging to its aims, as Irfan Habib and Ashok Mitra (in whose eminence I rejoice, being almost in *loco parentis*) have noted from this podium. In early 1948, breaking an undeclared quarantine in party headquarters, I had seen a shattered PCJ in an agony of 'self-criticism'. In February–March 1948 at the 2nd Party Congress in Calcutta I watched his pitiful 'confession' of political error which, even as I agreed with the then party 'line', filled me with a certain dismay. In a perpetual 'war' with the class enemy, discipline—even on occasion 'regimentation' (a bad word)—was obligatory, but there should be no forgetting Marx's humane vision of 'the Party in the grand historical sense of the term' (cf. letter to the writer Freiligrath, Feb. 29, 1860). Hindsight has taught that the 1948 slogan: 'Yeh Azadi Jhooti Hai' ('this freedom is a fake') was correct and at the same time incorrect, but dialectical understanding was beyond us. B.T. Ranadive was not too far wrong, inveighing against PCJ's alleged view of the Party as 'a happy family' while it was, BTR stressed, 'a fighting revolutionary

* Prominent Communist Leader.

** P.C. Joshi Memorial Lecture 1995.

organization', but it was very unfair to PCJ and to the prevailing ambience. I am unhappy it hurt PCJ, disorienting him for quite some time though he persistently served the cause till his last breath. A certain pathos pertains thus to the life of this brilliant person, youngest of the accused in the Meerut Conspiracy Case (1929–33), who could not emerge to heights he might have scaled. The French philosopher Merleau-Ponty once giped that Communism demanded '*un oui trop massif et charnel*' ('a "yes" to massive and heartfelt'), perhaps with a little envy at its entrancing call to dedication. Marxism, being human, cannot be without taint and propensity to pitfalls, but, proudly, the universe is its province, its *weltanschauung* all-embracing. Firm in its basic tenets and flexible on a principled basis, while facing problems and predicaments thrown up by History's 'cunning' (in Marx's sense), Communism bent on changing our world has faced challenges over the last 150 years, encountering defeats but shaking the earth, as it were, and 'storming the heavens'—Great October (1917), the seven Soviet decades, the monumental victory over fascism (1945) that had been fostered and fed by 'democracy'—mouthing imperialism, the 40-year phenomenon after 1945 of one-third of the globe run on the lines of the rather infelicitously termed 'real, existing socialism'. Expectations thus arose of facile advance towards world liberation, darkly shrouded at the moment and nearly shattered by Counter-Revolution, *no less*, with a big C. This is an eclipse, necessarily short-lived, but one cannot be sure how long and excruciating the interval would be.

Like so many others, I have felt flabbergasted (*bouleverse* as the French would put it) by the events of 1987–89 Mikhail Gorbachov's initially innocuous call for 'perestroika', 'glasnost' etc. and with sly demagoguery, 'for Socialism, More Socialism, Always Socialism', hiding with a sort of jargon-free, if garrulous elegance, the vile aim of 'contriving' the 'annihilation' of socialism (as Fidel Castro has put it). The cat came out of the bag when in August, 1991, after a dubious 'coup', Gorbachov was outplayed by Boris Yeltsin and no longer needed by 'western' patrons who had amply rewarded his treachery and found a more malleable villain. In a book *The August Coup* (HarperCollins, 1991) Gorbachov solemnly solaced himself: 'I made my choice long ago. . . . My mission is fulfilled.' It is noxious to recall such calumny and see how the Soviets' epic effort for 'the remaking of man' as the main aim of socialism has faltered and failed. In terms of real life, it was not implausible, though by no means desirable, for a Gorbachov to have climbed the political ladder, but what must have come over Lenin's Party that lumbering louts like Yeltsin could be in its Politburo, with countless others doubtless in tow! How grievous has been this human failure—and how initiated and extended in the Soviet Party with 19 million members, it is difficult to imagine!

This ugly phenomenon must be rectified in spite of deterioration having gone such lengths that there is no dearth even of communists admiring the global consequences of the repudiation of Marxism-Leninism. Sanitised, as it were, by what someone once described as 'the dreary drip of democratic drivel', their idea seems to be that 'there is no alternative' to the restoration of the detested thralldom of Capital—'TINA' being the cry which the U.S. Professor R.M. Sweezy has denounced so much more strongly than communist parties almost all over the place. This disastrous disavowal of Stalin's long-unheeded warning about intensification of class struggle with the advance of socialism and this stupid disregard of Mao's perennially precious instruction: 'Never forget the class struggle', must be shed or not only the struggle for socialism but a credibly human society would be soon a lost cause. p 2

The price will have to be paid for deterioration, not only in the former 'socialist' countries but in the entire movement that cannot plead having been unaware when its integrity was being violated over the years, stealthily but badly enough. Allergy towards ideology, erosion, even repudiation of proletarian internationalism, growing illiteracy in Marxism in the leading ranks, indifference towards revolutionary ethics, minimisation of the strength and guile of the class enemy, growing contentment with lollipops from 'democracy's electoral confectionery', inability to sense and to repair breaches in the link with ever-suffering masses, etc. represent the cumulative causation of the debacle whose foul shadow hovers heavy over our good earth. History does nothing; it has no obligation to help our wish-fulfilment; it is man, proud man who has to act and shape his destiny. Our moral-political stagnation, our acquiescence in wrong-doing, our forgetfulness that we have to change ourselves before we can change the world—all this and more has led to the crisis that plagues civilization.

A typical academic, with somehow a radical reputation, Fred Halliday who teaches in London rejoiced in a *Mainstream* (Delhi) article (Jan. 8, 1994) that 'communist states had been returned, chastened and re-subjugated, like escaped labourers to their place in the international capitalist hierarchy'. For good measure he gloated that 'the historic importance of 1989' was that 'the period that began with the French Revolution in 1789' had ended! How like Margaret Thatcher's callow boast in Paris at the 200th anniversary (July 14, 1989) that Magna Carta and all that were a lot more vital to humanity than the French Revolution—a boast that the then President Mitterand, his proud chin visibly receding, had to stomach! Shades of Charles James Fox in the House of Commons over 200 years ago hailing the Fall of the Bastille: 'How much the greatest even in the history of the world and how much the best!' However, Great October (1917) and

the French Revolution (1789) have written as with a sun-beam in the rolls of history which nothing can erase. Meanwhile, for the time being, Counter-Revolution has come to prevail and the stink rises from ex-socialist states. Didn't Shakespeare warn : ' Lilies that fester smell far worse than weeds'.

It is a fact of life that a new 'corruptalism' operated by mafia malignity seems to be the world norm. The fault is not in our stars but in ourselves. The wages of our failure have been, for how long one does not know, the death of our dreams. I say this in sorrow and humility for as a partisan for years, I must share, however minutely, in our movement's historic guilt.

Jawaharlal Nehru once wrote in his 'Autobiography' (1938) that communists had a knack of 'irritating others' but he envied their sense, like Lenin's, more or less, of being 'in the stream of history'. In late 1952 that fine British Communist, Harry Pollitt warmed our hearts by averring: 'As sure as the sun will rise tomorrow, socialism will come everywhere'. The alluring assurance that 'the historical locomotive' would reach us to our goal had its dangers and long ago Lenin warned Plekhanov against the illusion that things were pre-determined. 'The historical locomotive' could only move if there was varied, exacting and prolonged human activity. Our movement still pays, with compound interest, for the complacency thus generated, 'stagnation' having been a feature not only in Brezhnev's USSR but in various forms and shapes almost everywhere. One wonders if the rot could not be traced to the 1943 self-dissolution of the Communist International, prompted by perhaps ineluctable contemporary needs but contributing to a kind of slackness and an invitation to Yugoslav and often types of freelancing.

No conscientious person becomes a Communist *because* of a calculation that it is sure of success. He or she is moved by the sight of misery, of poverty in the midst of plenty, of 'the shame, the filth, the inhumanity' (Marx) of capitalism. It is his experience, his emotion and his reason that leads him to his belief. It is a process very unlike the case of, say, Arthur Koestler whose dalliance with Communism had followed a 'conversion' he himself described: 'The new light seems to pour from all directions across the skull; the whole universe falls into a pattern like the stray pieces of a jig-saw puzzle assembled by magic at one stroke.' This is wretched rigmarola and no wonder Koestler's 'God' 'failed' soon. No wonder he went ahead, delightedly affirming that while capitalism was a minor malady like measles, Communism was like concern—this in an issue of the U.S. 'Collier's Magazine' in early 1950, featuring the theme of an imaginary-victorious American war on the USSR! Intellectuals anticipating fairly 'instant' success of revolution sink soon into a bored, grey, dreary disillusion driving the likes, say, of Stephen Spender to retreat to a sort of superior stupor. How fine, in contrast, is the great African-American W.E.B. du Bois'

affirmation that 'the only possible death is to lose faith in the truth of socialism, because it comes slowly, because Time is long'.

One learns too late how harmful, for example, was Khrushchov's boast that in fifteen years the USSR could overtake the U.S. (We'll bury you). Even Mao-Tse-Tung, in a rare whimsy, once said that China's 'Great Leap Forward' would in a decade establish economic superiority over Britain. Mao, always zealous for rapid, yet basic transformation, was of a different mould. He knew what Stalin meant when in *Foundations of Leninism* (1925) he had called for combination of Soviet spirit with American—yes, *American* efficiency. Mao had the philosophic patience that old civilizations foster and so could say that Socialism might take centuries, even thousands of years. Once, reportedly, he thought aloud that the Sino-Soviet tussle would last 10,000 years, but when he saw the crushed visage of comrades around, he observed that Kosygin, the Soviet spokesman had argued so well that he would knock off one thousand years! Thoughts of easy and early triumph have enfeebled socialism even as its enemies ceaselessly sharpened their claws.

Far more vile than we imagined, the world bourgeoisie, whatever their internecine dissensions, never forgot their failure to strangle the infant Soviets, never forgot the Soviet victory over fascism in spite of 'democratic guile, never forgave the post-World War II stir for freedom in many continents, never relented in the *Delenda est Carthago* resolve to destroy the 'focus of evil', the Soviet Union, never stopped lulling Socialism into 'democratic' coma. While Stalin's warnings were disregarded, except in China, even the reputed R.P. Dutt, whom I hold in high respect, could indulge in fancies as around 1961 when, he wrote in *Labour Monthly* that if one-sixth of the world could go the socialist way a hundred years after Marx's birth (1818), perhaps in a hundred years after Marx's death (1883) much more than a third of the world, already practising 'real, existing socialism, 'would find itself over much of our earth (perhaps even three-fourths, as a reputed analyst, Russell Warren Howe wrote some years later). Enemies of Socialism were more realistic. In 1980, the infamous ex-US President Nixon published a book *The Real War*, emphasising the need of ceaseless readiness to destroy the Soviets who could, he wrote, win the global contest 'even without war' if capitalism's vigilance failed. To be 'caught unawares' is for us no plea, for nothing fails like failure, and there can be no denying U.S. Secretary of State, Warren Christopher's recent boast, without diplomatic hush-hush, that the dismantlement of the USSR was the U.S.'s doing. How to get out of the mess should be the predominant concern for the socialist movement which, unhappily, is still dizzied and debilitated by 'democratic' delusions.

It so happens that I was in the Kremlin meeting (Nov. 1987) as a delegate from India when Gorbachov gave his report, and disturbed by

the tenor of things I spoke to Oliver Tambo and some others, and my celebrated South African friend advised : 'Comrade, we have to live with all this!' My misgivings increased with our movement's unconcern over emerging Counter-Revolution's manoeuvres (*pace Moscow News, New Times* etc.) that amounted to abject 'surrender without battle' and 'abandonment of positions already occupied', that Marx had warned against. This has gone on so that even in 1991 the late Joe Slovo, estimable as white man who had led the Communist Party of South Africa, chose to write that 'Socialism produced a Stalin and a Ceausescu but it also produced Lenin and (believe it or not!) Gorbachov'. This was found worthy of reproduction in 1995 without comment in the Party press and by 'Left' periodicals (e.g. *Mainstream* 28 Jan. 1995).

The Soviet state has been the 'pilot project' launched with 'the first 100 million people' of our planet, Kautsky whom Lenin called 'the renegade' denounced it as 'Tartar Socialism', while Rosa Luxemburg, unafraid of even criticising Lenin, snapped back that if the Soviets failed it would be the doing of German Social Democracy. In keeping with its tradition since Stuttgart (1907) where our Madame Cama discovered European Socialism's horror of colonial liberation, the Weimar Republic (1918), 'the freest in the world', turned out to be what it did. Communists may have been at fault but Social Democracy, over the years, has behaved so that Stalin's angry outburst (1924) about its being 'a moderate wing of fascism' finds warrant. The once expected progress in advanced countries from 'democracy' to Socialism, however, did not happen, thus hindering the other process started by Great October, in retarded conditions, from an unavoidably authoritarian 'socialism' to democracy. Incidentally, in India, (1938) on the occasion of Marx's death centenary, the Socialist International's sole representative, my colourful friend George Fernandes, chose to reprint in his *The Other Way* an old Lohia article (1948) describing Communism as 'a conspiracy of Europe against Asia'.

If 'muzhik' Russia could rise to be a colossus, in spite of flaws in 'the steel that was tempered' by Revolution, if in recent decades, little Hungary, described in 1938 to be 'the land of three million beggars', could be transformed—yes, yes, yes, there had been a transformation even under handicapped socialism!—what a picture could emerge if Social Democracy had meant business in France, Britain, etc? The 'West' opted otherwise and so to-day neo-imperialism reincarnates fascism with a 'liberal', 'globalist' mask.

Not just allergy but disdain for Communism has, exceptions apart, haunted Social Democracy, evoking an unfortunate reciprocation. Even a generous, un-labeled Isaac Deutscher, aware of Great October's historic glory but peeved with his discovery that there was in Soviet life the co-existence of the 'Promethean hero and the acquiescent slave', said in his Cambridge lectures on the Russian Revolution (1967)

that he yearned for Socialism purged of its dross—in unusual ardour, quoting Shelley, 'to hope till Hope creates / From its own wreck the thing it contemplates'. All this has a sublime sound but it turns ridiculous with ex-Communists (always more vitriolic than anti-communists!) like Jean Elleinstein (in books like his *The Stalin Phenomenon*, 1978) rules China and India out of civilised reckoning and after denouncing the USSR proclaims (p. 218): 'It now remains for us to build socialism on the basis of a developed western capitalist economy.' Perhaps one should say 'Amen!'; but what made these worthies show no signs of doing the job which was left to hellishly harassed and superiorly reprobated, 'semi-Asiatic' communists as the the only force answerable to civilization?

All revolutions—from France and Russia to Vietnam and Cuba have thrown up hordes of émigrés, but deadlier has been the so-called 'internal emigration' from Marxism. Earl Browder with his *Teheran* (1944), Santiago Carrillo with *Euro-Communism*, (1978) etc. high-ranking witnesses before U.S. Congressional Committees claiming from the early eighties how Italian communists were as good as in their bag and the more dour French might follow suit—all this shows only the tip of an iceberg. How piteous is France today, where Marxism was once the *lingua franca* of ideological discourse, with affluence and the arrogance thus begotten, parading a strange chauvinism that is betrayal of the best in her past! In 1956 the 20th Congress of the Soviet Communist Party, revealing uglinesses in Soviet reality, made formulations that, though good in parts, were damaging to the roots of revolutionary belief and caused a schism debilitating the world struggle. People's China had responded then with its 'Long Live Leninism!' calls, but except for Togliatti, who died soon after, the movement's response was tepid and worse. Confabulations of 'Twelve' (1957) and the 'Eighty-one' (1961) parties were insipid, the heart having gone out of the movement. The snapping of Sino-Soviet friendship after 1958, caused by insensitivity on the Soviet side and China's injured pride on the other made China determined to 'go it alone' and emerge, as she did, as a powerful even often puzzling though path-breaker for Socialism. Meanwhile, with the USSR and China, unable like two huge porcupines to hug each other, international tasks were shelved; the splendid communist-led upsurge in south-east Asia fumbled and fell, the ghoulish massacre (1965–67) of millions in Indonesia where communism had spread roots could take place and by clever 'democratic' propaganda now wiped out even of Asian memory. Perhaps what we learn from history is that we do not learn from history.

However, our enemies today have made us swallow tales that debase and deny the positive side of the seven Soviet decades and falsifications of China or Vietnam or Cuba etc. pass muster. Denigration of the Soviet role in the defeat of fascism (1941–45) and

resistance subsequently to the vilenesses of neo-colonialism has been thrust down our throats. Indira Gandhi—(of all people!) spoke in her 1983 Prebisch Lecture in Belgrade about the likes of us in the deprived world being 'step-children of the Industrial Revolution' (a phrase Marx would have liked), bound for ever to be hewers of wood and drawers of water, 'the wretched of the earth'. I wish I could cite some contemporary and comparable communist wisdom.

How I wish also that in these days of 'globalist' near-frenzy, of pragmatist pilgrimages for foreign investment and five-star bonanzas, there were a few voices at least echoing Gandhi's statement in Court (March 1922)—'The miserable little comforts of the *town-dwellers* [i.e. bourgeoisie] in India represent the brokerage they get for the work they do for the foreign exploiter, the profits and the brokerage being sucked from the masses. I have no doubt whatsoever that both England and the town dwellers in India will have to answer, if there is a God above, for this crime against humanity which is perhaps unparalleled in history'.

Sidney and Beatrice Webb, believers in 'the inevitability of gradualness', could write the two-volume classic, *Soviet Communism, a New Civilization* (1st edition 1935), affirming that 'In Place of Profit' 'The Good Life' could, on Soviet evidence, be also organised elsewhere. On the basis of massive evidence, they described a unique crusade for 'the Re-Making of Man'. They were not hesitant to stress shortcomings as in the chapter on 'The disease of Orthodoxy', even 'The Cult of Science'. The revised edition of 1941 carried Beatrice Webb's long introduction answering critics and affirming that the Soviets were 'the world's most inclusive and equalized democracy'. No G.E.D. after that, but such things are obliterated just as the Paris Commune (1871) was from syllabi in our time.

The Communist John Reed's 'Ten Days that Shock the Wworld', contemporaneous account of Great October, is today just a collector's item. His fellow-American Walter Duranty's 'Russia Reported 1923-34' (1935) interests nobody though it was a liberal correspondent's ringside view as printed in the *New York Times*. Even the Webbs, lionised as among the world's foremost sociological scholars, were pooh-poohed by the *London Times* as admirers of 'a society of the bee', and are perhaps fashionably disregarded as doddering old folk. Who cares for David Low's delicious *Russian Sketch-book*, with commentary by the famous 'liberal' editor Kingsley Martin? The Irish Playwright Sean O'Casey's once celebrated observation that he was devoted to the Soviet Union because, one, it had the finest collection anywhere of modern French painting, and two, it looked after its women and children better than any country in the world will perhaps, produce superior smirks. Edmund Wilson's remark in 1937, the year of the Treason trials, that in Moscow he felt in 'the world's moral summit' will be thought incredible. The Dean of Canterbury Cathedral, the

very Rev. Hewlett Johnson's charming classic, *The Socialist Sixth of the Earth*, has a chapter entitled, 'Love is the Fulfilling of the Law' as descriptive of the new society. It will annoy, even astound only those who do not know or care for the dialogue between Religion and Marxism, the phenomenon that was Pope John XXII, the fact, for instance, that fascists in Salvador killed Cardinal Romero on his own cathedral steps, that in Nicaragua's Sandinista government (dubbed 'Stalinist' by *N.Y. Times*) there was Father d'Escoto (whom I discovered to my delight in Moscow) a Catholic priest as Foreign minister. That Dialogue has not been resumed even though one finds good practising Christians in the World Council of Churches formulating the thought in relation to recent 'globalisation' gimmicks that 'growth', 'jobless growth', 'growth for growth's sake', unrelated to a better life for man is intolerable, such growth being 'in the nature only of cancer cells'.

In the '70s there was much glib talk on the 'New Soviet Man' that is better forgotten. There can be no devaluation however, of such things as Sergei Eisenstein's view (1925) of the impact of Revolution: 'I turned into 'We', and in this 'We', there was a place for me'. Asked by an American interlocutor if in the Vnoi people laughed at all, that great maker of grim revolutionary films replied: 'Oh yes, of course, they will, when I tell them about you'.

One Paul Hollander published in 1979 a fat volume *Political Pilgrims: Travels of Western Intellectuals to the Soviet Union, China and Cuba* socialist (Oxford University Press) to prove that countries managed by overwhelming hospitality to procure effusive praise from some of the great ones of our earth. Few would say that Jawaharlal Nehru did not have his wits about him, but even as India's Prime Minister, in the summer of 1955 after a three-week visit he wrote that he was 'leaving (in the USSR) a part of his heart'. Typically, the *New York Times* editorial giped that Jawaharlal had left 'part of his brain there also'.

For myself, during many visits between 1954 and 1987, I have witnessed the miracle of change, especially in Soviet Asia (excluded by Gorbachov from his concept of 'our common European homeland'). I cannot forget, for example, the Firdausi National Library of Tajikistan whose woman director told me how Russian women had worked for emancipation, braving death as they hid in Tajik homes. I learnt later that her own mother had been the first to throw off the horse-hair veil (*paranjah*) one had to wear or be stoned to death. I cannot forget Bibi Palmanova, Turkmenia's education minister whom I came to know well—the lone survivor in a family of fourteen brothers and sisters who died in infancy during the bad old days. Dzheren Mamedova, another Turkmen poet and minister, was born in a family of thirteen children, nine dying early and one daughter cast away to perish in the rocks. Maybe the Soviet nationalities policy was not as good as once //

thought to be by friend and foe, but such things—and so much more—I cannot push out of my thoughts.

I remember reports of a Vietnan Party Congress (1966) where Secretary Le Duan said he had two motherlands, his own Vietnam and the USSR which, he said, had shared 'rice and water' to help achieve Vietnam's freedom. I recall Soviet citizen's pride over comradely help to Vietnam, Cuba, Mongolia, Angola etc. as well as to East European States with higher standards of living. This pride I noticed to be nearly gone during my visits in 1983 and 1987 and the fear entered my mind that the party, mammoth-sized and infected by the craze for consumerism spreading in the age of electronics, was failing its Marx-given role of 'the social intellect, the social heart and the conscience of its time'. Thus a Yeltsin, unaware that not affluence but the non-exploitative society was the aim, needed one look at a western department store to sing the virtues of capitalism. Thus, the internationally celebrated Kirghiz writer, Chinghiz Aitmatov, hailing from a country doomed to death under the Czar, yet under socialism throwing off illiteracy and celebrating Shakespeare's 400th anniversary better than in Britain, said once that he would Glorify great October 'to his dying day', but in 1988-89, under the Gorbachov spell, saw Sweden and felt it was the model to follow—a totally unhistorical statement forgetful of the gap in time that the Asian Soviets had to cover. Not to speak of intellectual sophistication, 'the new Soviet man' seemed to lack the sense of history that life under socialism should have instilled. This is not, of course, to forget the magnificent Soviet feats, among them the epic victory in the antifascist war and path-breaking sorties into space by Yuri Gagarin and Valentina Terashkova.

World War II brought out the best in Soviet man schooled in Socialism. Ilya Ehrenburg reported from the front around 1942 that ferocious fascist atrocity had made 'coals of revenge glow in the Soviet heart' but a firm 'No' to reprisals came from the Party. Thus, in the War Memorial in Berlin the dominating architecture is that of a Red Armyman cradling in his arms a German baby he had saved from being crushed by tanks (this had actually happened). How beautiful was Konstantin Simonov, poet and war correspondent, averring 'there is no alien grief', for Socialism aims to wipe tears of sorrow from *all* eyes, for we are 'members of one another'. This scriptural expression reminds me of the Hungarian Janes Kadar's joke at a Party Congress in 1982 or so, that the Ten Commandments, 'the earliest party manifesto', were still disregarded after 3000 years, but he hoped the Communist Manifesto of 1848 would be followed up at a speedier rate.

That hope seems crushed, with 'the end of ideology', 'the end of History', globalisation of the economy guaranteeing an eternal empire of greed and exploitation. What C. Wright Mills wrote long ago about 'money as the one unambiguous criterion of success, the sovereign

American virtue' is the world's new motto. Nobody worries if a very few live in more than Babylonian luxury, a sizable number wallow in the callous comfort of 'conspicuous consumption', while the overwhelming majority are degraded by deprivation, their children driven to licking throw-away icecream cups in railway stations (a sight that stirs nobody in India). It is no pleasure to know that in Washington infant mortality is higher than in Kerala, in Harlem more than in Bagladesh. But it should be infuriating that 5000 children die in India every day from malnutrition in spite of bumper food crops, that over the last 30 years the gap between the top 20 per cent and the bottom 20 per cent of the world's population has doubled, that about two of the world's 5.7 billion have no access to electric power, let alone the latest lap-top computer!

Meanwhile, once strident calls for a new International Economic order have ceased, the Manmohan Singhs and 'Left' economists jubiling over 'globalism'. Gone with the wind also are calls for a New International Information Order, journalists once effusive over Afghanistan's *Saur* republic, the *Saharwi* resurgence etc. having found—on how—juicy jobs like reporting Socialism's debacle. The result is that no 'democratic' mouse squeaks about Kabul, and such things as the calumny that is Bosnia, where democracy's triumph has released the wickedest forces, cruelties continue for years, leading especially to agony in the world's one-billion Muslim hearts (though the second largest Muslim-populated country India seems indifferent, perhaps because the West fears, with the French thinker Monnerot that 'communism is the Islam of the 20th century') the world has had a surfeit of what Jean-Paul Sartre once said about 'the strip-tease of European humanism', but who cares for humanism (which Marx once equated with communism) in these heady days of 'globalist' gratification.

It is no pleasure to cite the words of one of the U.S.'s most powerful men, Newt Gingrich, Speaker of the House of Representatives (cf. *Time*, Nov. 21, 1994) about his own country: 'It is impossible to maintain civilization with 12-year-olds having babies, 15-year-olds killing each other, 17-year-olds dying of "aids", and 18-year-olds receiving diplomas they cannot read'. The aptly named Newt's bonafides are suspect, but this picture of perversion and amorality threatens to engulf the earth in the grip of greed. Must our energies be spent in pettifogging pursuit for a fraction of political power, to emerge marginally a little more than what Jawaharlal in 1946 twitted Communists for being, namely, 'a ginger group'? Do we remember Rabindranath Tagore's last message (July 1941) castigating the West for betraying its best traditions and hoping that perhaps the light would come again from the East? (cf. Tagore's 'The Crisis of Civilization').

Karl Marx had denounced 'the inhuman, sophisticated, unnatural

and imaginary appetites' bred by 'private property that does not know how to change cruder need into human need.' We in India seem to have no thoughts about 'intermediate technology', the 'small is beautiful' idea, the linking of socialism with the best in *our* own past. Even Gorbachov's predecessor Andropov had said in 1985 that 'material boons must increase but they should not dominate man, for it is man's spiritual wealth that is truly boundless'. To pursue the gospel of money, as 'democracy's pre-conditions, is to give up all hope for a truly human advance. That would be the end of History with a shimper unworthy of *homo sapiens*'.

In Vol. I of *Capital*, at the end of the historical chapter Marx cites one Augier's words: 'when money comes into the world it has a congenital blood-stain on its cheek', He (Marx) adds that when Capital emerges, 'it drips with blood and dirt from every pore in every limb'. How this is in tune with the Mahabharata's *Shantiparva* when Bhishma, wisdom's epitome, tells us: *Na Chhitva paramarmani, na kritva Karma dushkaram / Na hatva matsyaghatiyam / prapnoti mahateem shriyam*. ('You cannot achieve great wealth / Big Money / unless you tear the hearts of others, unless you commit wrongs, unless you can kill like the fisherman kills his prey').

Forgive me this long tirade—a cry from the heart of one who wishes, following W.B. Yeats, that 'I may seem / though I die old / A foolish, passionate man'. But do not even the wise among us look around and ask what long ago Wilfrid Owen had said: 'Was it for this / The clay grew tall? / O, what made fatuous sunbeams toil / To break earth's sleep at all?' Ah, I better shed this Celto-Bengali mood but say quietly that I stay impenitent in my socialist faith, in my confidence that if only little candles can be lit, the sky will once again be aflame. And to make you laugh and forgive my anecdotage, let me say like Graham Greene (whom I admire) telling Cuba's paper *Granma* around 1982, that if driven to it, It would spend my last days rather in Gulag than in California'.

*Capitalism in History***

Today as the twentieth century comes to close, with the collapse of socialism in Eastern Europe and the passing away of the Soviet Union, the belief has become widespread that capitalism is the only possible present and future system of economic and social organisation. Even theories of 'mixed' or 'welfare' economies, or of development under state-guidance and protection, which had held the ground in so much of the Third World till the other day, are regarded in influential circles as obsolete and unacceptable. 'Globalisation', rather than 'independence', is the slogan most often issuing from statesmen's lips; and firm revolutionaries are having to make hopefully temporary truces with indigenous and foreign capital. There is danger, then, that to historians too capitalism may begin to seem so much the ordinary business of economic life that in respect to it at least, History may be deemed to have met its end. Some of us are already tempted to turn to the varied historical fashions now available in western intellectual arsenals, from the marginalist to the post-modern, and to forget the past debates about classes and exploitation.

For this reason alone, I should like to urge that this occasion of capitalism's seemingly ultimate triumph is the most opportune to attempt a fresh scrutiny of its historical credentials, and to ask once again many previously asked questions, in the light of the growing amount of evidence at our disposal and the possible benefits of hindsight.

I

The first question must relate to the origins and attainment of dominance by capitalism, especially in England, the first industrial nation. Owing to Marx's listing of the successive modes of production in his Preface to the *Critique of Political Economy* (1859),¹ it came to be

*Centre of Advanced Study in History, Aligarh Muslim University, Aligarh.

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widely held that capitalism had its roots inevitably in feudalism, of which it was held to be the direct successor. This was reinforced by Marx's own references to 'the transformation of the feudal mode of production into the capitalist mode' in *Capital* (1867).² There was a further development, for which there was strictly no sanction in Marx, namely, the tendency to extend the 'feudal mode' to cover practically the entire agrarian regions of the old world, beginning with the Leningrad discussions in the Soviet Union in 1931.³ This was accompanied by an insistence that within each region all major changes in the mode of production arose out of 'internal' factors or contradictions—a thesis especially prominent in Maurice Dobb's major work on the rise of capitalism.⁴ It could thus be stipulated that every country that had developed peasant agriculture and some commodity-relations (a) had already had a passage into feudalism and (b) would have generated its own capitalism given some more time. Thus Mao Zedong (1939) declared that precolonial China 'would of itself have developed into a capitalist society even without the impact of foreign capitalism'.⁵ R.P. Dutt (1940) speculated on the probability of the way being prepared, on the eve of the British conquest 'in the normal course of evolution, for the rise of [indigenous] bourgeois power' in India.⁶

It seems, however, that such an assumption of a normal internal growth of capitalism out of seeds naturally germinating within pre-capitalist or 'feudal' societies, allegedly found almost universally, misses out the essential features of the actual genesis of capitalism: the role of force and of the subjugation of external economies on the world scale. Without these twin elements, capitalism simply could not have become a dominant mode of production in England or Western Europe. This is the basic thrust of a short but seminal chapter in *Capital*, Vol.I;⁷ but the point needs now to be established by an exploration of both theory and history.

In a symposium which followed Dobb's *Studies in the Development of Capitalism*, a major historical problem confronted the protagonists of the seemingly settled theory that capitalism arose out of feudalism in Western Europe, viz., the gap between the decline of serfdom (already fairly advanced by 1400) and the beginnings of the 'era of capital', which could not be placed before the sixteenth century.⁸ There is, however, no doubt that the gap which has to be explained is much longer. If serfdom was already in retreat by 1400, the capitalist mode of production did not become dominant until the English industrial revolution of the latter half of the eighteenth century. What had appeared from the sixteenth century onwards were enterprises where wage-labour was employed to produce for the market, but these 'capitalist' enterprises still accounted for only a small portion of the total production. As Dobb acknowledges, 'it seems evident that in seventeenth-century England the domestic industry . . . remained the

most typical form of production.⁹ In other words, peasant and artisanal production, not capitalist production, was still the dominant form.

There is no sanction in Marx, or in historical facts, to classify such non-capitalist commodity production as 'feudal', and so, by a sleight of hand, as it were, bridge the entire gap of three and a half centuries between c.1450 and c.1750, whereafter the industrial revolution began. This extension of feudalism is achieved by Dobb essentially by taking the term 'serfdom' to cover not only a peasant tied to the land and rendering labour service or paying rent-in-kind, but also a legally free tenant paying money-rent to the landowner. The two categories of forms of labour-process represented are so different in nature that to class them together does the greatest violence to any coherent conception of a mode of production. Contrary to Dobb's claim that Marx supposes money-rent to be feudal rent 'by manifest implication',¹⁰ Marx states expressly that money-rent 'presupposes a considerable development of commerce, of urban industry, of commodity production in general'.¹¹ One must come to grips with the reality that during the period between the aftermath of the feudal crisis and the onset of the industrial revolution it was the rent-receiving landowners within a system of commodity production who formed the economically dominant class as well as the ruling class.

It is this post-feudal system to which Marx gave the name 'Petty Mode of Production': it was the mode out of which capitalism originated, and by destroying which capitalism triumphed.¹² Marx's statements in respect of the nature of this mode are fairly clear-cut:

Of course this petty mode of production exists also under slavery, serfdom and other states of dependence. But it flourishes, it lets loose its whole energy, it attains its adequate classic form, only where the labourer is the private owner of his own means of labour set in motion by himself.¹³

Only when this stage was achieved in Western Europe by the sixteenth century, was the road cleared for the emergence of capitalism, since commodity production is a necessary pre-requisite for its existence. Prosperous artisans and peasants could now grow 'into small capitalists', by engaging hired labour. But, as Marx recognised, this could give no more than a 'snail's pace' to capitalist development.¹⁴ In fact, the limits of profits out of hiring more labour were soon reached. Prosperous farmers, thereafter, moved into positions of squires, buying up lands, so as to 'charge the rent, when custom allows, which a farm will stand', and engaging in trade—Tawney's 'agricultural capitalism' (but not Marx's), which Tawney sees as the bedrock of the rise of the gentry in England in the sixteenth and seventeenth centuries.¹⁵ Others, from amongst artisans, after extending their own domestic craft production, would invest their larger incomes not in engaging more hired hands under their roofs, but in 'putting-out' their funds to make

contracts with rural households, that produced goods for sale on their own. Advantage here lay in the fuller use of family labour and the cheaper costs of domestic employment during the slack times of agricultural seasons. This is the 'proto-industrialisation' with which Mendel has now made us familiar.¹⁶ But Dobb himself noted as a general phenomenon of the early seventeenth century, 'the rising predominance of merchant-employers [i.e. merchants engaged in the putting-out system] from the ranks of the craftsmen themselves from among the yeomanry of the large companies'.¹⁷

In other words, left to itself the spontaneous tendency within the Petty Mode (and comparable parallels could be cited for this from China and India) was to intensify landlord-exploitation (through the increasing strength of the gentry) and enlarge merchant-capital at the expense of small producer's capital (through the Putting-out System). Both tended to delay—as Marx explicitly argued in respect of the putting-out system—the rise of the capitalist mode of production properly so-called.¹⁸

Capitalism proper cannot develop unless there is a concentration of labourers for production of goods disposed of on the market by their employer. The first form of such concentration was the workshop ('manufactory') based on hand-labour ('manufacture' in Marx), the advantage coming from gains out of developing the division of labour, through skill-specialization. Adam Smith (1776) gave the classic exposition of this;¹⁹ and F. Braudel has now given us a very stimulating historical description of these workshops.²⁰ But there was the obvious limitation here in that the growth of division of labour must constrict correspondingly the mobility of labour and so delay the creation of a proletarian 'reserve army', so necessary for obtaining lower wage-costs and higher profits on capital.

The second and true unit of capitalist production is the factory, based on machinery, which received its introduction in political economy from Ricardo (1821).²¹ In the factory, the old division of labour collapses, machinery tends to depress all labour to the denomination of the unskilled, mobility of labour begins to develop and the mass proletariat enters history. One of Marx's major concerns in *Capital*, I, is to underline the contrast between the economic basis of the workshop and that of the factory.²² The factory, a creation of machine-industry, became the dominant form of industrial organisation only in the last quarter of the eighteenth century, and that too, first of all, only in England. Its sudden emergence out of a long period of domestic industry, with manufactories as isolated islands, needs explanation.

Braudel is right in saying that there was no 'natural and logical transition from the manufactory to the factory'.²³ Still less was there such a transition from proto-industrialization to machine-industry: the opportune moment when rural entrepreneurs shifted from the

exploitation of family-labour to that of factory-hands was not manifestly determined by conditions of the growth of rural industry.

The ordinary text-book attribution of the industrial revolution to a sudden, rather fortuitous spate of mechanical inventions in post-1760 England seems equally unsatisfactory. Dobb has some excellent points to urge against technology being an independent factor.²⁴ The immensity of the achievement of the European craftsman and technological theorist from the sixteenth century onwards is beyond question. But there is equally no doubt that almost all the basic mechanical principles that were relied upon by the inventors of the age of the industrial revolution had been worked out by the early years of the eighteenth century. Newcomen's engine began working in 1712; the secret of making coke out of coal was discovered before 1709; the helmsman's steering wheel came into use in 1705. Indeed, it seems as if there was a plateau in technological invention for the next fifty years (leaving aside Kay's fly-shuttle, 1733). Why the inventions of specific machines should suddenly come with the 1760s cannot, then, be explained solely by impulses of imitation and improvement within the technological sphere: they were undoubtedly linked to 'the state of industry and of economic resources' (Dobb's words),²⁵ from which the impetus needed to come.

The key-word is surely 'economic resources'. Could a growth at a 'snail's pace' have either created capital large enough to acquire and use the newly invented machinery, or provided a mass market ('home market') for the cheaper, but non-luxury, mass-duplicated products of the machine? To Marx it was clear that such economic resources could not come out of the savings from the incomes of the small capitalists, generated by the Petty Mode: it came only out of massive 'primitive' or 'primary accumulation', that is, out of wealth and resources acquired from non-capitalist sectors and economies.²⁶

II

There were two major pillars of primary accumulation: internal exploitation, constituting, above all, the expropriation of the peasantry; and external plunder, linked to global colonial dominance.

When serfdom declined, lordship in England began to be converted into landlordism, and the manor into the lord's private estate. This wholesale legal annexation of the serfs' land into the demesne was the other side of the coin of the conversion of labour services into money rent. The divestiture of the lord of all major military and judicial functions and obligations completed his transformation into a private land-owner, whose basic instrument of exploitation was rent. Thus his position was different from that of his counterpart in France, who continued with his fief to launch a 'seigneurial reaction' in the seventeenth and eighteenth centuries, imposing various dues on the

peasants, without claiming to be the owner of the peasants' land inherited from their serf forebears.²⁷ The English peasant learnt what he had lost when under the Tudor enclosures large areas of arable were converted into sheep walks by the landowners. Under the pressure of the gentry, custom fell away, and rent-increases left the inflation of the price revolution well behind in 1540–1640 and again in the eighteenth-century.²⁸ The drive for rent led to the eighteenth century enclosures, since large landowners found that capitalist farmers, using the methods of new husbandry, could pay them higher rents. The result was that by the early years of the nineteenth century, the bulk of the English peasants had been evicted through private enclosures (where the estates of the large landowners were fairly well consolidated) as well as through parliamentary enclosures (where in areas of mixed properties, the landowners needed acts of parliament to consolidate estates and terminate existing tenancies). It is characteristic of the English historians' acceptance of the lords' original usurpations of peasant rights that to many of them the private enclosures seem quite unobjectionable; and of parliamentary enclosures too there has been a growing amount of scholarly defence with much criticism of the Hammonds' classic work.²⁹ The major concern seems to be only with the gratifying survival of the small number of 'owner-occupants', who cultivated merely 10–12 per cent of the land in the late nineteenth century. To such historiography the practically complete elimination of the English peasantry, an event unique in human history, seems to be a perfectly natural case of tenants having necessarily to bow out at the will of the owners.

Where the drive for rent could thus bring about such an awesome social revolution, one can visualise the huge extent of the increase in the revenues of the English landlord class in the period preceding and accompanying the industrial revolution. This increase in rent-revenues kept pace with the creation of a rural proletariat, which ultimately was to become a reserve force for British town industry. The two processes were complementary to each other, and equally momentous.³⁰

The contribution of landlords' accumulation to industrial capital is often underestimated by authors like Ashton, who believe that the manufacturers largely provided the capital themselves.³¹ But one must remember that, according to Pollock's estimate, the annual English investment in stocks (£ 2 million) equalled that in machinery c.1790–93; and a large part of circulating capital (stocks *plus* wages) came in short-term loans from banks and solicitors who had large funds from rent incomes deposited with them. Moreover, nearly a third of the stock invested in canals (£ 0.8 million annually) came from the landowners.³² All this represented a massive conversion of primary accumulation into industrial capital, in the crucial phase of the industrial revolution.

British historians—and this is equally true of Dobb and participants of the *Transition* discussion of the early 1950s—have tended to pay little attention to what Marx regarded as the second major source of primary accumulation, namely, colonial plunder.³³ Such indifference is unfortunate; for it is not possible to imagine how a credible history of capitalism can be reconstructed without comprehending colonialism.

Three major components of colonial exploitation from the sixteenth to the eighteenth century must be distinguished: the Spanish mining of silver with forced labour in the Americas; the forcible transfer of millions of Africans as slaves across the Atlantic; and the levying of tribute on Asian shipping and land.³⁴ England came in time to be the major beneficiary from all these three practically simultaneous processes of forcible subjugation and destruction of non-European economies.

The latest estimate of the population of central Mexico at the time of the Spanish conquest (1518) puts it at 25 million; by the 1620 it had been reduced to just three per cent of that figure—a nearly total annihilation.³⁵ Not only Old World epidemics, but the forced requisition of labour for the silver mines, was responsible for such massive depopulation of Mexico and Peru. But Spain (and Western Europe) practically got its silver free. Between 1500 and 1650 nearly 112.5 metric tons of silver were annually transported into Spain through official channels. E.J. Hamilton, who gave this estimate, speculated about its influence on prices in Europe—the so-called price revolution—and the redistributive consequences of such inflation, benefiting mainly the employers and the merchants, at the cost of wage-labourers and custom-bound *rentiers*. This, he thought, generated capital in Western Europe that could ultimately ignite the industrial revolution.³⁶ It must be remembered that the crucial link here is not between the rise of capitalism and some incidental monetary process, but between it and the reckless exploitation of the Amerindian peoples, who because of deficiencies in their instruments of war, were absolutely helpless victims of their rapacious conquerors.

There is yet another aspect of silver influx which Hamilton and his critics do not consider. As silver stocks rose in Western Europe, and silver prices in terms of gold plummeted year after year, Western Europe gained a continuous advantage over the rest of the world in the transactions of trade. By 1600 Western Europe exported possibly 100 tons of silver annually; during the seventeenth, the annual average rose to 150–160 tons.³⁷ There was a wholesale diversion of Asian exports of manufactures, especially textiles, and drugs and spices from interregional traditional commerce to Western Europe in return for bullion. The new trade was largely controlled by European merchant-capital, spearheaded by the Dutch and English East India Companies;

and its continuous expansion from silver exports greatly enlarged the size of European commercial capital.

As the Amerindian population declined so steeply, the need arose of alternative source of labour for Brazilian, Caribbean and American (later U.S.) plantations. This was supplied by the enslavement and transport over the Atlantic of Africans from all along the Atlantic African seaboard, as well as Mozambique. One cannot understand the magnitude of this phenomenon unless one grasps the aggregate figures. Curtin estimated a total of 8 to 11 million transported between 1440s and 1860s. But subsequent revisions (Brazil, for example, received 5 million slaves, not 2.5 million) suggest a total of *at least* 10 million, with a further minimum of one million who died aboard ship. The main century for slave-trade was the eighteenth when over 6 million are estimated to have been sent across.³⁸ This was undoubtedly the greatest forced migration in terms of person-miles ever achieved in history. England, with the biggest fleet by the eighteenth century was the principal participant in the slave-trade.

The slaves were put to work on the sugar, tobacco, cotton, coffee and indigo plantations on the tropical Atlantic seaboard and islands of the New World, in which England by the eighteenth century had carved out a considerable colonial empire. From the West Indies alone Britain gained free annual imports of £ 3.9 million in 1785-94 and £ 4.8 million in 1795-1804.³⁹ Eric Williams is undoubtedly right in perceiving a connection between this simple fact and the rise of the capitalist textile industry in Lancashire, with Liverpool as the main slave-shipping port.⁴⁰

The English conquest of India dating from Plassey (1757) represented the high point of a process of extraction of tribute, imposed initially by the Portuguese on Asian shipping and by the Dutch, on the peasants of Java. But the annexation of the entire revenues of conquered territories as gross profits of the English East India Company dwarfed, in mere size, the earlier enterprises. The notorious Drain of Wealth began. According to a detailed official statement the net excess of exports over imports, representing the Indian tribute to England, amounted in the 1780s to an annual average of over £ 4.93 million.⁴¹

The tribute was, in fact, remitted mainly through exports of Indian textiles, which, in turn, were used in part to buy African slaves, so that the spurt in African slave trade during this period was considerably fuelled by the attainment of English dominance over India.

There is little dispute that England annually obtained large revenues out of external sources: About the closing years of the eighteenth century, William Pitt put it at £ 17 million per annum. But there has been an air of inexplicable inconclusiveness in British scholarship when one comes to the links of the foreign income with the financing of the industrial revolution. Deane and Cole suspended judgement ('it is impossible to say, without detailed research').⁴²

Among Marxist historians Dobb had nothing to say about it in his *Studies in the Development of Capitalism* and Sweezy, in fact, introduces a note of doubt when he says that 'Marx says very little about the actual methods by which these [external] accumulations found their way into industry'.⁴³ Dobb had, however, claimed in his *Studies* that land-owners who had usurped lands by way of an earlier process of primary accumulation, now sold their landed assets to invest in industry.⁴⁴ When taxed by Sweezy to identify the class which would buy it from them,⁴⁵ Dobb, almost without design, stumbled on to the role of colonial plunder:

It seems an hypothesis worthy of investigation that in the eighteenth century there was a great deal of selling of bonds and real estates to such persons as retired East Indian 'nabobs' by men who, then or subsequently, used the proceeds to invest in the expanding industry and commerce of the time, so that the wealth acquired from colonial loot fertilized the industrial revolution.⁴⁶

In so far as colonial tribute comprised wage-goods (tea, tobacco, rum, calico) and raw-materials (silk, indigo), largely obtained 'free' at the level of national accounts, it enlarged industrial capital, by simply reducing costs. It is, therefore, difficult to understand why one should pore over 'the records of private companies and public institutions' to determine whether English capitalism obtained any sustenance from the massive colonial exploitation around the globe.⁴⁷

The history of primary accumulation thus establishes beyond any doubt that capitalism could not have arisen in England without (a) destroying its peasantry, and (b) subjugating and exploiting external economies all over the world. The arrival of capitalism was not a natural internal process: Subjugation of other economies was crucial to the formation of industrial capital within it. In other words, colonialism, in its harshest forms, was not a mere attendant process to the rise of capitalism, it was one of its basic, inescapable premises. The 'snail's pace' of the growth of capitalism within the petty mode could, at last, now be changed into rapid growth 'hot-house fashion', showing that force, the basis alike of peasant-eviction and of colonialism, 'is itself an economic power'.⁴⁸

III

If colonialism was one of the necessary pre-conditions of capitalism, imperialism was an equally necessary element of capitalism once the latter had developed. One unfortunate lacuna in much Marxist writing of this century has been caused by the ignoring of this essential fact, and the treatment of imperialism as the development only of a particular, late phase of capitalism. Much of this was because of the influence exercised by Hobson's book on *Imperialism* (1902), written

from a Free-Trade Liberal's point of view.⁴⁹ Rosa Luxemburg (1912) would define imperialism as 'the political expression of the accumulation of capital in its competitive struggle for what still remains open of the non-capitalist environment'.⁵⁰ To see imperialism as linked to capitalist accumulation generally was undoubtedly insightful, but then to restrict imperialism to a period when 'non-capitalist' territory in the world had been reduced to an 'insignificant' size was to divest it of much historical significance. Lenin introduced a different and more basic qualification. When writing in 1916, he defined imperialism as a product of the monopoly phase of capitalism. He even went on to say:

In the most flourishing period of free competition in Great Britain, i.e. between 1840 and 1860, the leading British bourgeois politicians were *opposed* to colonial policy.⁵¹

Following this, Dobb reduced imperialism to 'a preoccupation with privileged spheres of foreign trade', a feature becoming marked only in the last two decades of the nineteenth century. That there could be no inherent imperialism in the era of Free Trade was implied by Dobb's aside that such pre-occupation 'recalled the Mercantilism of earlier centuries'.⁵²

Such a perception of imperialism seems to be far too narrow in the light of the facts of history. In capitalism, the tendency towards perfect competition is accompanied by a tendency of the average rate of profit to fall, as Ricardo discovered in 1817.⁵³ The tendency could be counteracted through certain factors, among which Marx put the expansion of foreign trade with less advanced countries, where a 'surplus-profit' stands to be gained, comparable to profit obtained by a manufacturer employing a new invention before his competitors can do so.⁵⁴ Clearly, for foreign commerce to produce such a surplus-profit, it would be necessary for the more advanced country to enforce Free Trade. Secondly, there would be higher profits (than the average rate in the metropolitan country) to be gained from capital invested in colonies, from 'the use of slaves, coolies, etc.'⁵⁵ This would mean maintaining and extending the inherited pre-colonial framework. Indeed, even in the case of foreign trade, say of Britain, it seemed that countries under its total colonial control, like India, offered less resistance to its wares than a semi-independent country like China, despite the formal trade barriers having been forcibly removed, since in the former the British had been able to introduce commercialization of agriculture through their control of the revenue system.⁵⁶ It was thus also necessary to impose effective control over territory, if 'surplus-profits' were to be earned from free trade by Britain.

Given this understanding of the inner drive of pre-monopoly capitalism, it is not surprising that Marx did not allow himself to be deluded by the pacifist and anti-colonial pretensions of the Free

Traders. In respect of India, for example, he marked on the silence of 'all parties in England' over the conquest of India, including 'those which had resolved to become the loudest in their peace-cant, after the *arrondissement* of the one Indian Empire should have been completed. Firstly, of course, they had to get it in order to subject it to their sharp philanthropy'.⁵⁷ He saw the suppression of the Indian Rebellion of 1857 as 'the "glorious" reconquest of India' carried out 'for securing the monopoly of the Indian market to the Manchester free-traders'.⁵⁸

Marx, therefore, saw the connection between Empire and Free Trade long before J. Gallagher and R. Robinson published in 1953, their discovery of 'the Imperialism of Free Trade'.⁵⁹ Gallagher and Robinson justly pointed out that it was in the very period of the 1840s when English statesmen were supposed to be pursuing peaceful, free-trade policies, that the British Empire forcibly annexed vast populous areas in and around India and other parts of Asia and Africa; and this aggressive policy continued into the 1850s and later.⁶⁰ By and large, in the discussion that has ensued, the Gallagher and Robinson thesis has stood its ground well, the criticisms being focused on whether individual policy-framers or thinkers were sincere or consistent devotees of *laissez-faire* or not, rather than on the firm economic and political facts of the postulated phenomenon.⁶¹

One singular fact about the imperialism of Free Trade is that there was only one power pursuing it: Great Britain. In this sense, it was a transitional imperialism, just as Britain was only transitionally the sole industrial power. It was the most advanced country industrially until the 1870s, and therefore until then all free trade was to its obvious benefit and other countries' disadvantage. If it could not enforce free trade on countries like Germany, France and USA, which adopted protectionist policies, it could yet impose its authority over weaker nations, covering them under a formal and 'informal' Empire, i.e. zones of direct administration and spheres of influence, and so ensure there a total unrestrained opening to its commerce. The Empire on which the sun never set was thus a means for Britain imposing its monopoly of free trade on a large part of the world.

It is interesting to speculate on the view of imperialism that would have been developed by its Marxist critics, if they had started with Marx, and not with Hobson.⁶² If capitalism in search of super-profits needed control of trade (even if for free-trade purposes) as well as full-scale colonies, then it had to pursue imperialism, whether it was in its purely competitive or in its monopoly phase. Rosa Luxemburg's theory that surplus-value itself could be realised only through exchange between capitalist and non-capitalist economies should even more have made imperialism necessary for capitalism, whatever its phase.⁶³ In other words, whether finance capital and monopoly arose or not, imperialism would have continued to evolve from its free-trade

stage. Now that there were more than one industrial power, after the 1870s, Britain could not have maintained its earlier high returns from investments in its Empire,⁶⁴ and free-trade would have necessarily to be subverted by protectionism enforced by imperialist powers, including Britain, in order to retain secure markets in their respective colonies and spheres of influence; and there would then necessarily have been inter-imperialist rivalries and conflicts, accentuated by crises like the Great Depression that spanned the period from the mid-1870s to early 1890s.

Accepting the location of the source of imperialism in capitalism *per se* would make the Leninist theory of imperialism far less vulnerable to criticisms over its seemingly excessive emphasis on export of capital to colonial possessions.⁶⁵ The British-Indian relationship down to 1914, in which such investment, outside the railways, was of little significance, and the tribute in any case far outbalanced the capital inflow from Britain, appears to fit far better the pre-monopoly pattern of imperialism, as outlined above, than a purely capital-export imperialism.⁶⁶

What, perhaps, should be stressed is that the imperialism generated by industrial capitalism, and now pursued by competing capitalist powers, was greatly intensified by monopoly. Monopoly was implied in Marx's description of the 'centralising' tendency in capitalist accumulation: competition went on reducing the number of capitalists in each branch of industry; they were becoming ever larger and ever fewer.⁶⁷ Monopoly once established would tend to restrict production within the monopolised market, since to obtain maximum profits, production would not be extended to the point where marginal costs equalled price, but only till the marginal costs equalled marginal revenue. At the same time, competition in the non-monopolised markets would grow more intense; and so it would be of advantage to each firm, and for firms of each capitalist nation, to enlarge the area where their monopoly could be established through protection: Hence a reinforced drive to imperialism. On this argument,⁶⁸ one could frame a picture of imperialism, which is not in contrast to the imperialism of the pre-monopoly phase, but constitutes its continuation and intensification.

There were, however, further features too: First of all, 'Finance Capital' *a la* Hilferding (1910). The root source of finance capital was the growth of banks, which now sought to intertwine with, and dominate over, industrial capital. The strength of banking capital was due to the generalization of banking and its practical unification in most advanced capitalist countries. Such unification (with cheque systems and falling cash-deposit ratios) enhanced the capacity of banks to 'create' money, or, what is the same thing, increase its velocity by creating credit. What the banks did by this means was to bring into play a new source of capital accumulation, in addition to the

funds produced directly by realization of surplus-values. This had a redistributive effect, since the capital formed was paid for by people in general through a fall in the real value of their money-holdings. The net result was a far speedier enlargement of capital than if the surplus-value realised had been the only source of capital. (This particular process of accumulation does not seem to have received adequate treatment among Marxists, down to Dobb). One can infer two consequences from such rapid enlargement of capital. Not only would production be on a larger scale through larger single units of investment, but the heavier investment needed for Department I (capital goods) could be made on an increasing scale. This would speed up monopoly, but also offset the monopolist's resistance to technological change.

The other result would be a mounting export of surplus-capital; and this could explain the growing importance of capital exports and repatriated incomes in England, France, Germany and USA before World War I. Capital would be exported generally to friendly capitalist countries and to one's own colonies.⁶⁹ It would be inherent in such investment to have a political protection built around it, against competitors looking for similar investment in the same territory. Thus a still greater accentuation of inter-imperialist divisions and coalitions would arise.

Lenin rightly took Kautsky to task for considering the inter-imperialist struggles to be over agrarian or less industrialized colonies only.⁷⁰ The individual imperialist powers now wanted to forcibly eliminate or weaken their rivals, annex industrialized territories to strengthen themselves, as well as seek redivisions of the colonies among the so-called 'have' and 'have-not' powers. World Wars I and II followed from this struggle between two opposing coalitions of imperialist powers. In World War II, an additional dimension was lent by the attempt to eliminate the Soviet Union, the socialist state (the logic behind Munich, 1938, and Hitler's attack of June 1941). These wars, with their unprecedented national bitterness, ferocity and large-scale massacres were not merely the products of individual megalomania, but of the inexorable drive of capitalist imperialism which created the space for such megalomaniacs.

All the economic forces that generated imperialism in the past are still with us. The long resistance offered by the socialist countries and the post-World War-II upsurge of national movements undoubtedly modified the forms and methods of imperialism, modifications that have to be constantly studied. Britain and France, exhausted by the two world wars, have retired from the first line of imperialist powers.⁷¹ The United States has come to establish an 'informal' empire over much of the world, and occupies a position recalling that of Britain as the unchallenged imperial power from 1815 to the 1870s. But the essential elements of inter-imperialist competition and instability

remain, as western European and East Asian capitalist economies forge ahead. Whether the picture would be still further altered owing to peoples' rejection of the US monopoly of war weaponry, and of her economic dominance, and by a recovery by the forces of socialism, is for the future to show.

NOTES AND REFERENCES

1. '... the Asiatic, the ancient, the feudal and the modern bourgeois modes of production' (*A Contribution to the Critique of Political Economy*, tr. N.I. Stoke, Bharati Library, Calcutta, n.d., p.13. The translation reads 'methods' for 'modes').
2. *Capital*, I Moore-Aveling tr., ed. Dona Torr, London, 1938 (facsimile ed. of the original Swan Sonnenschein ed., London, 1887), p.776. Cf. 'transition from feudal to capitalist mode of production' in *Capital*, III, Foreign Languages Publishing House, Moscow, 1959, p.327.
3. Cf. Karl A. Wittfogel, *Oriental Despotism—a Comparative Study in Total Power*, New Haven, 1957, pp.402-4.
4. *Studies in the Development of Capitalism*, London, 1946. Dobb defended his position, though making a few concessions, in response to Paul Sweezy's criticisms in the symposium, *The Transition from Feudalism to Capitalism* [henceforth referred to as *Transition*]. Fore Publications, London, 1954, pp.23-25. In the same discussion H.K. Takahashi too insisted on seeing all basic change in 'a given structure as the self-movement of its productive forces' (*ibid.*, p.39). A brief protest against this tendency on the part of 'bourgeois economists' and 'even Marxists' is recorded in Paul Baran and Paul Sweezy, *Monopoly Capital*, Penguin Books, Harmondsworth, 1966, p.178. They aver that capitalism has always been an 'international system . . . with one or more leading metropolises at the top, completely dependent colonies at the bottom'. Unluckily, the point is not further developed.
5. *Selected Works of Mao Tse-tung*, II, Foreign Languages Press, Peking, 1967, p.309.
6. *India Today*, People's Pub. House, Bombay, 1947, p.85.
7. *Capital*, I, pp.774-86.
8. *Transition*, pp.14-17 (Sweezy), 25-27 (Dobb), 43-47 (Takahashi), 56-57 (Dobb).
9. *Studies in the Development of Capitalism*, pp.142-3. Dobb was aware of J. Nef's work (five indexed references); Nef speaks of the growth of 'large-scale industry' in England, 1540-1640 [*Economic History Review*, V (1934), reprinted in E.M. Carus Wilson (ed.), *Essays in Economic History*, I, London, 1954, pp.108-24]. But the argument for the overall dominance of domestic industry during the period before 1750 has received fresh support from recent work on 'Proto-Industrialization' (see below).
10. *Transition*, p.26.
11. *Capital*, III, p.778.
12. Chapter on 'Historical Tendency of Capitalist Accumulation', *Capital*, I, pp.786-90.
13. *Capital*, I, p.787. We have to bear in mind this statement when we turn to the footnote in *ibid.*, p.325, from which Takahashi (*Transition*, p.42), citing the Kerr ed. of *Capital*, I, p.354 n., quotes only the observation that 'peasant agriculture on a small scale, and the carrying on of independent handicrafts . . . form the basis of the feudal mode of production', forgetting the additional remarks that they were also 'the economic foundation of the classical communities' and 'continue side by side with the capitalist mode'.

14. *Capital*, I, p.774. Here is a characteristic contrast between Marx and Dobb, for the latter (*Transition*, p.27) insists on 'the outstanding role played at the dawn of capitalism by the capitalists who had been spawned by the petty mode of production'.
15. R.H. Tawney, 'Rise of the Gentry', *Economic History Review*, XI (1941), 1, reprinted in E.M. Carus-Wilson. *op.cit.*, pp.153-206, esp. pp.186-7.
16. Franklin F. Mendels, 'Proto-industrialization: the First Phase of the Industrialization Process', *Journal of Economic History*, XXXII (1972), pp.241-61.
17. *Studies, & c.*, p. 134. This can hardly be an example of 'the revolutionary way' of the genesis of 'the industrial capitalist' of which Marx speaks in *Capital*, III, p.329, where the producer himself has to become 'merchant and capitalist', that is, one, who, while hiring labour for production, merchandizes the products of that labour. This excludes the putting-out system.
18. *Capital*, III, p.331. See also *ibid.*, p.322: 'The independent development of merchant's capital, therefore, stands in inverse proportion to the general economic development of society'.
19. *An Inquiry into the Nature and Causes of the Wealth of Nations*, Dent & Co., London, 1910, I, pp.4-11.
20. *The Wheels of Commerce*, Fontana, London, 1985, pp.329-44.
21. David Ricardo, *The Principles of Political Economy and Taxation*, Dent & Co., London, 1911, pp.263-71 (being Chapter XXXI, 'On Machinery', inserted in the 3rd ed. of 1821).
22. *Capital*, I, pp.311-474.
23. Braudel, *Wheels of Commerce*, p.302. But he is in error in attributing a contrary view to Marx.
24. *Studies, & c.*, pp.268-71.
25. *Ibid.*, p.271.
26. For Marx's basic definition of such accumulation, see *Capital*, I, 736. Cf. Irfan Habib, *Essays in Indian History—Towards a Marxist Perception*, Tulika, New Delhi, 1995, pp.272-3.
27. For this major distinction, see Marc Bloch's perceptive remarks in *French Rural History—an Essay in its basic characteristics*, London, 1966, pp.126ff.
28. Eric Kerridge, 'Movement of Rent, 1540-1640'. *Economic History Review*, 2nd ser. VI (1953), 1, reprinted, E.M. Carus-Wilson (ed.), *Essays in Economic History*, II, London, 1966, pp.208-26; and R.A.C. Parker, Coke of Norfolk and the Agrarian Revolution', *Economic History Review*, 2nd ser., VIII (1955), 2, reprinted in Carus-Wilson, *op.cit.*, p.329.
29. J.L. and Barbara Hammond, *The Village Labourer, 1760-1832*, London, 1919, has been strongly criticized, for example, by G.E. Mingay, *Enclosure and the Small Farmer in the Age of the Industrial Revolution*, London, 1961. To Marx the expropriation of peasant land by private eviction was no more historically legal than the eviction sanctified by parliamentary acts (*Capital*, I, pp.740-757, for the entire process).
30. Dobb has much on Tudor and Stuart enclosures, but his brief remarks, amounting to little more than an aside, on the historically more overwhelming 18th-century enclosures (*Studies, & c.*, p.239) are unsatisfying. Moreover, he tends to see the enclosures more as a source of creation of the proletariat than as a source of accumulation of resources, while Marx keeps both aspects equally in mind.
31. T.S. Ashton, *The Industrial Revolution, 1760-1831*, New York, 1964, pp.66-68.
32. See for the data here cited, Francois Crouzet (ed.), *Capital Formation and the Industrial Revolution*, London, 1972, pp.24, 56; B.L. Anderson in *ibid.*, pp.223-55; and T.S. Ashton. *An Economic History: the Eighteenth Century*, London, 1955, pp.178-88.
33. *Capital*, I, p.775.

34. Cf. Marx: 'The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population, the beginning of the conquest and looting of the East Indies, the turning of Africa into a warren for the commercial hunting of black skins, signalled the rosy dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation' (*Capital*, I, p.775).
35. Shereborne F. Cook and Woodrow Borah, *Essays in Population History: Mexico and California*, Berkeley, 1979, III, pp.132, 168-76.
36. Eric J. Hamilton, 'American Treasure and the Rise of Capitalism', *Economica*, November 1929. Cf. P. Vilar, *A History of Gold and Money*, London, 1976, pp.103-93.
37. See the various estimates by Ward Barnett in James D. Tracy, ed. *The Rise of Merchant Empires, & c. 1350-1750*, Cambridge, 1990, p.251; Geoffrey Parker in Carlo M. Cipolla, ed., *The Fontana Economic History of Europe*, Glasgow, 1974, II, p.52; P. Vilar, p.101; Artur Attman, cited by Dennis O. Flynn in James D. Tracy, ed., *The Political Economy of Merchant Empires, & c., 1350-1750*, Cambridge, 1991, p.331; S. Moosvi, *Jour. Eco. Soc. Hist. of the Orient*, XXVIII, pp.47-94.
38. Philip Curtin, *The Atlantic Slave Trade—A Census*, Madison, 1976. See also Eric R. Wolf, *Europe and the People without History*, Berkeley, 1982, pp.195-6; Herbert S. Klein in Tracy, ed., *The Rise of Merchant Empires, & c.*, p.288; Stuart B. Schwartz in *Indian Historical Review*, XV (1988-89), pp.23-24. By 1750 about one-tenth of those transported still died on the voyage (Klein, *op.cit.*, p.304).
39. Cf. Sayera I. Habib, *Proceedings of the Indian History Congress*, 36th (Aligarh) session, Calcutta, 1976, p.xxiii.
40. *Capitalism and Slavery*, Chapel Hill, 1944—naturally, a much maligned book (Cf. Crouzet, *Capital Formation in the Industrial Revolution*, pp.7-8).
41. K.N. Chaudhuri in Dharma Kumar (ed.), *Cambridge Economic History of India*, Cambridge, 1983, II, p.817.
42. Phyllis Deane and W.A. Cole, *British Economic Growth, 1688-1959*, Cambridge, 1962, pp.34-35.
43. *Transition*, p.19.
44. *Studies, & c.*, p.183.
45. *Transition*, p.20.
46. *Ibid.*, p.29.
47. Deane and Cole, p.35.
48. Cf. *Capital*, I, p.776.
49. J.A. Hobson, *Imperialism—a Study*, 3rd. ed., London, 1988.
50. *The Accumulation of Capital*, Eng. tr. by A. Schwarzchild, London, 1951, p.446.
51. *Imperialism, the Highest Stage of Capitalism*, Eng. tr., Progress Publishers, Moscow, 1988, p.74 (italics by Lenin). Lenin also held 'the capitalist colonial policy of previous stages of capitalism' to be essentially different from Imperialism (p.78).
52. *Studies, & c.*, p.311.
53. Ricardo, *Political Economy and Taxation*, p.71: 'The natural tendency of profits then is to fall'.
54. *Capital*, III, pp.232-3. In *Theories of Surplus Value*, Progress Publishers, Moscow, 1971, pp.105-6, Marx invokes a comparison with the relationship 'existing between skilled, complex labour and unskilled, simple labour within a country'. In [free] trade under such circumstances, 'the richer country exploits the poorer one, even where the latter gains by the exchange'.
55. *Capital*, III, p.333.
56. Marx, Art. in *New York Daily Tribune* [NYDT], 3 December 1859 (Marx and Engels, *Collected Works*, Moscow, 1980, vol.16, p.539).

57. Art. in NYDT, 11 July 1853: Marx and Engels, *On Colonialism*, Progress Publishers, Moscow, 1968, p.49.
58. Art. in NYDT, 30 April 1859: Marx and Engels, *Collected Works*, vol.16, p.286.
59. Art. of this title in *Economic History Review*, 2nd ser., VI(1), reprinted in A.G.L. Shaw (ed.) *Great Britain and the Colonies*, London, 1970, pp.142-63.
60. Shaw (ed.), *op.cit.*, pp.144-5.
61. See for a summing-up of this discussion, Peter Harnetty, *Imperialism and Free Trade: Lancashire and India in the Mid-Nineteenth Century*, Manchester, 1972, pp.2-6.
62. To be fair to them, Marx's articles in the NYDT do not seem to have been known to either Rosa Luxemburg or Lenin.
How innately imbedded imperialism is within capitalism is shown by R.W. Van Alstyne, who (quoted by Baran and Sweezy, *Monopoly Capital*, p.181 n.) says: 'The concept of an American empire and the main outlines of its future growth were complete by 1800'. The rise of monopoly was then many decades away.
63. I resist the temptation here to discuss Luxemburg's important thesis. See, however, Sayera I. Habib, 'Rosa Luxemburg's Contribution to the Marxist Theory of Imperialism', *Teaching Politics*, Delhi, XIII (3-4), 1989, pp.21-29.
64. See the data in L.E. Davis and R.A. Huttenback, *Mammon and the Pursuit of Empire*, obidged ed., Cambridge, 1988, pp.83-87.
65. Cf. D.K. Fieldhouse, *Economics and Empire, 1830- 1914*, London, 1984, pp.53-62. A recent long attack on foreign investment as the main lever of Imperialism is in L.E. Davis and R.A. Huttenback, *Mammon and the Pursuit of Empire*, pp.35-39.
66. In India, in fact, much British-owned capital in the latter half of the nineteenth century and later was indigenously generated (See Amiya Bagchi, *Private Investment in India*, Cambridge, 1972, pp.159, 165, 168; and Irfan Habib, *Essays in Indian History*, pp.290-93).
As for the Tribute, L.A. Davis and R.A. Huttenback who in their *Mammon and the Pursuit of Imperialism*, are concerned mainly with the period 1860-1914, and lose no opportunity of sneering at the 'rhetoric' and 'tale' of the critics of Imperialism, have appropriately enough never heard of Dadabhoy Naoroji's data nor even of S.B. Saul's estimate of India's annual unfavourable balance of payments with Britain (£ 25 million in 1880). They can therefore confidently assure the reader that 'in summation, Great Britain provided both visible and invisible subsidies to the Empire' (*Mammon, & C.*, p.161). Ignorance is bliss!
67. *Capital*, I, pp.788-9.
68. Which may be contrasted with Hilferding's argument as to why monopoly leads to (intensified) Imperialism. See the summary of his views in Fieldhouse, *Economics and Empire*, pp.42-43. I regret I have not had access to Hilferding's original work.
69. See the instructive tables of territories of foreign investments of Britain, France, Germany and US, 1914, in Fieldhouse, *Economics and Empire*, pp. 55-59.
70. *Imperialism, the Highest Stage of Capitalism*, pp.86-7.
71. On Britain in its imperialist decline, see Michael Barratt Brown, *After Imperialism*, 2nd. ed., London, 1970.

Gender, Body and Everyday Life

Introduction

This paper sets out to examine the interface between gender, subject and everyday life in contemporary urban India.¹ My essential argument in this paper is that the gendered subject is not a biological or even psychological but primarily a social being who experiences her femininity² in inter-subjective relationships with several others in a complex interplay of class, caste, regional and socio-economic factors.³ The complicity of the gendered subject in her own construction is acknowledged, as are also her frequent attempts at resistance, and this is in fact central to the process of social construction. The paper also examines the gendered embodiment of the female subject in everyday life. The problematic of physical embodiment and its effect on women's social and inter-personal relations is therefore central to the paper. My concern is with how gender is inscribed on the subject in everyday life both socially as well as through her own perceptions, desires and fantasies. It is in this sense that gender identity is truly, as Moore tells us, 'both constructed and lived' (1994: 49).

The female body is a matter of speculation as of contention in urban social life as well as in academic much discourse. A woman's body is viewed as being sensuous, mysterious, exotic, always a 'desirable other' represented in advertisements, in women's magazines, on the catwalk, in popular cinema, and so on. The public 'gaze', whether male or female, is always speculating how next the woman will clothe her body, or adorn it, or maintain it, or manipulate it, or shape it to perfection.⁴ All this adds to the charisma and mystery attached to the notion of the female body. But the woman's body is also abused and violated; she is raped and molested on the streets and in her home. She experiences violent attacks on her body that psychologically scar and traumatise her. She is physically disempowered in the attempt to confront her with her personhood: inferior in relation to the physically more powerful masculine other. The point moreover is that even when

*Nehru Memorial Museum and Library, Teen Murti House.

the woman is viewed as a charming, beautiful body admired and applauded for her flawless beauty, as indeed our national beauty icons Sushmita Sen and Ashwariya Rai have recently been, the person remains perceived only as a body and not much more. This 'objectification' of the female body is clearly linked to sexuality to the extent that it is the woman's body as a sex object as well as her presentation of her embodied self as an expression of her sexuality that take precedence over everything else. It is therefore important to emphasise here the all pervasive nature of sexuality which, as Mackinnon points out, is 'a dimension along which gender occurs and through which gender is socially constituted' (1994: 260). Thus, 'the restriction and constraint and contortion, the servility and the display, the self-mutilation and requisite presentation of self as a beautiful thing, the enforced passivity, the humiliation—are made into the content of sex for woman' (Ibid.). Sexuality, gender, and the body, in a complex interplay of dominant forces, are clearly at the root of women's oppression in contemporary society through the objectification of the female form in everyday life.⁵

It would appear that the female body could be experienced as both celebratory as well as oppressive. Experiencing the body as celebratory implies that desire attains fulfilment in our perceptions of our bodies as well as in the gaze of the other. Film stars, fashion models, professional dancers, theatre professionals probably experience the celebratory aspect of their embodiment. We however experience our bodies as oppressive when our desires remain unfulfilled and we see this unfulfilment reflected in the other's gaze so that if we do not have shapely, well adorned and well clothed bodies, we feel not only depressed and alienated from our bodies but also experience the situation as oppressive. A woman may therefore experience, in intimate relationships, what one woman has called 'mental torture' if her physical self is continuously denigrated or remains unappreciated by her partner. In order to be free of this oppression women devise strategies to negotiate a space for themselves in what they consider 'the real world' which is also a make-believe world, to the extent that it doesn't really exist. It is created by the media, through film and women's magazines, through popular cinema, and above all, through what Bartky (1990) calls the 'fashion-beauty complex'. And it is a world to which a woman aspires because it is so very different from her everyday experience of a normatively defined femininity and domesticity.

The question might arise, at this point, as to why the female body is of any significance at all. Let me be very clear at the outset that I do not want to fall into the trap of simply revaluing the female body and all it stands for. As Currie and Raoul so insightfully point out, such a

view would only 'help to reconstitute the patriarchal system that privileges the notion of sexual difference' (1992: 17). Feminists in India have indeed abstained from explicitly addressing issues relating to the female body and sexuality except as activists in issues relating to rape and, more recently, to sexual violence in the home.⁶ Some women's organisations have also addressed the question of the woman's body in terms of health issues, especially reproductive health. It may also be the case that Indian feminists do not view discourse on the body as problematic or deserving their particular attention in the face of more striking issues such as poverty, women's rights, violence against women, and so on. Underlying these issues however is a notion of the woman's body which is central to understanding the oppression of women because it is essentially on the 'biological difference between the male and the female bodies that the edifice of gender inequality is built and legitimated' (McNay 1994: 99). It is not however surprising that what is lacking in feminist discourse is a coherent theory of the body. That is the *conceptual* dimension of the relations between women's bodies and the state (Gatens 1988: 59), for example, or oppressive situations and contexts, remain largely unexplored. This paper in some senses attempts therefore to examine the underpinnings of a theory of the woman's body in everyday life in urban settings which would help us to understand the underlying basis of prevailing definitions of womanhood in contemporary society.

The Body in Everyday Life

The female body has been a matter of contention in academic discourse where debates on the female body have taken place essentially on three different registers. These concern the debates on the female body as being located in Nature as opposed to Culture; on the body as text exemplified in the position of the French school of *l'écriture féminine*; and on the female body as being defined by psychological factors or/and social and cultural factors. It is not within the scope of this paper to examine each debate in any depth but only to the extent that such discussion will help in defining and understanding the main focus of this paper.⁷

Early feminists in the United States, such as Adrienne Rich (1972) and Shulamith Firestone (1976), viewed the identification of women with their bodies as being the root cause of their oppression in a patriarchal culture and society. Such a perspective should be seen within the Nature/Culture debate wherein a woman is identified with Nature primarily because of her bodily functions, mainly reproduction and its 'natural' corollary, child-rearing. Her body is therefore essentially a vehicle for reproduction and her entire life, her roles, her

position and status in society, are defined by this primary bodily function.

Anthropologists have also specifically addressed the Nature/Culture debate especially in relation to women's oppression. The French anthropologist, Levi-Strauss, argued that the Nature/Culture distinction is universal and the basis for the organisation of human societies. In an important paper Ortner examined the distinction and concluded that the 'universal' devaluation and oppression of women is related to culture's devaluation of a 'lower order of existence than itself', viz. nature which is equated with women (1974: 72). The universal nature of such a conclusion was however challenged by MacCormack (1980) who argued that the Nature/Culture dichotomy in relation to women/gender is mainly a western phenomenon and does not exist in some non-western cultures, such as, Papua New Guinea. In the Indian context, however, Leela Dube has argued that in Northern and Central India the symbolism of the 'seed' and the 'earth' (or the field) prevail in the explanation of the process of biological reproduction (1986). Providing ethnographic descriptions from studies of different communities in India, Dube concludes that 'an essentially unequal relationship is reflected in and emphasised through the use of these symbols . . . to underplay the significance of woman's contribution to biological reproduction' (1986: 38). This further 'provides the rationalization for a system in which woman stands alienated from productive resources, has no control over her own labour power, and is denied rights over her own offspring' (Ibid.: 44). In urban settings, this inequality is extended to different contexts. Undoubtedly, the woman continues to be seen as the prime nurturer and care-taker of the child despite the other demands on her time and resources. The woman is clearly defined in terms of her bodily functions and therefore as an inextricable part of Nature.⁸ This perception of the woman's oppression being related to her embodiment cannot be denied but such a perspective needs to further understand the very premise on which such a perspective is located, viz. culture itself.

Culture is a problematic concept and needs to be understood here in terms of its role in the shaping, defining and perpetuating both the gendered subject as well as the resultant inequalities. Culture is, as Rajeshwari Sunder Rajan argues in her recent work, 'the product of the beliefs and conceptual models of society . . . as well as the everyday practices, the contingent realities, and the complex process by which these are structured [which is] the constitutive realm of the subject'. It is therefore 'powerfully coercive in shaping the subject; but since it is also heterogeneous, changing and open to interpretation, it can become a site of contestation and consequently of the reinscription of

subjectivities' (Sunder Rajan 1993: 10). The woman's body is undoubtedly the place to begin for any in-depth understanding of femininity as it is the surface on which are inscribed the culturally coded and socially sanctioned contexts of the perfect or desirable woman. The socialisation of the girl child is a complex process through which the main purpose is to inculcate in girls a appropriate codes of conduct including self-effacement and self-denial and to train her to see her life primarily in terms of service to others. The rules for the presentation of bodily self in everyday life are clearly defined and we are socialised into conformity from very early on. The body is perceived essentially as the vehicle of procreation and the girl is prepared mainly for a life of compulsory heterosexuality and inevitable motherhood.⁹ Such a view might however suggest a simplistic understanding of femininity as an outcome of patriarchal oppression wherein women, as gendered subjects, are the passive products of socialisation. If, however, we view femininity in the social world of everyday life, then femininity is a 'social organisation of relations among women and between women and men which is mediated by texts, that is, by the materially fixed forms of printed writing and images' (Smith 1988: 39). It is therefore not the case that women are presented images, both visual and written, about their bodies and forms of self-adornment, for example, but that they also participate, actively and creatively, in the presentation and perpetuation of these images. In this context, how does femininity become a 'textual discourse'? Through the advent of an increasingly 'modernised' and westernised television network in urban India, through women's magazines, especially those which address themselves to the urban middle-class woman, such as *Femina*, through advertisements for consumer goods, cosmetics, clothes, etc., through fashion displays and their representative icons, the fashion models, and so on. This paper is about how this textual discourse of femininity is transformed by women and men into the social relations of practice.

The female body in contemporary society is clearly significant in its social context that has gender at its centre. This is not to deny that the psychological element is not significant in the formation of gender identity and, as Nancy Chodorow has in a recent paper emphasised, I do believe that 'each person's sense of gender . . . is an inextricable fusion or melding of personally created (emotionally and through unconscious fantasy) and cultural meaning' (1995: 517). The point however, is that much of the personal creation is grounded in social, cultural and ethnic factors so that it is not clear to what extent an individual's *own* sense of gender subjectivity is really her own and not informed by the society in which she lives. Nonetheless, the psychological element remains an important component in the

formation of gendered selves to the extent that the body must be 'psychically constituted in order for the subject to acquire a sense of its place in the world and *in connection with others*' (Grosz 1994: xiii, emphasis added). It is in relation to others in society, especially significant others, that the embodied self is constituted and understood. Instead of splitting the person into the mutually exclusive categories of mind and body, and view masculinity and femininity as a series of binary oppositions based on this essential opposition, it is important to stress the psychological *and* cultural nature of the embodied self. To this end, Elizabeth Grosz suggests we develop an understanding of what she calls '*embodied subjectivity*', or '*psychical corporeality*' which avoids dualism and the alternatives to it and thereby the criticisms of it (Ibid. : 22). The psychological creation of gender identity, and thereby of femininity, is therefore acknowledged but my attention here is directed at how woman, as her embodied self, is defined by the outside and what strategies and modes she uses to manipulate and transform this social construction and the extent to which she colludes in this construction. The psychological element is evident in so far as the woman negotiates her construction in terms of what she herself desires based on her emotions and fantasies *as well as* on her relations with significant others.

If gender identity is indeed constructed, then, clearly it is not psychology or biology but really, as Judith Butler remarks, culture that 'becomes destiny' (1990: 8). However, when the body is perceived as the instrument or medium of culture, for example, in the work of Bordo (1993) or Bartky (1990), we find that, following Foucault, they argue that 'culture's grip on the body is a constant, intimate fact of everyday life' (Bordo 1993: 16). Thus, woman in relation to her body is dominated by culture through 'the practices and bodily habits of everyday life' (Ibid. : 15) which may also awaken and channelise her bodily desires in particular directions which are oppressive and possibly self-destructive. Here the reference clearly is to the extreme outcome of such cultural domination, viz. anorexia nervosa and bulimia.¹⁰ Then, the question may be posed, as Butler does, 'How do we reconceive the body no longer as a passive medium or instrument awaiting the enlivening capacity of a distinctly immaterial will?' (1990: 8). The answer appears to lie in Simone de Beauvoir's now classic statement that 'one is not born but becomes a woman' (1953: 295). It follows, as Butler points out, that '*woman* itself is a term in process, a becoming, a constructing that rightfully cannot be said to originate or to end. *As an ongoing discursive practice, it is open to intervention and resignification*' (1990: 33, emphasis added). It is therefore possible that gendered embodiment is not determined, but produced, through construction with

both creative and transformative possibilities the extent of which needs to be examined in any given socio-cultural setting.¹¹

Power and Resistance

I have argued in this paper that the underpinnings of femininity are clearly seen as lying in the nature of the socially constructed and culturally coded material existence of the female body. Such a view allows for the possibilities of transforming the given character of femininity by changing those aspects of our socially and culturally constructed bodies which we do not accept as given. Agency is therefore central to our perspective on the female body but, as Sunder Rajan suggests in a different context, I have tried to avoid emphasising the 'romantic fiction' of resistance however politically well-intentioned it might be (1993: 12). It is in this sense that it is important to argue that the possibilities for transformation are always bounded by the restricting nature of the dominant construction based on gender, class, caste and regional affiliations. It is not necessary however that these constraints are located outside our embodied selves; in fact, more dangerously, they may have been accepted and internalised by women as being their defining characteristics. In this context, Bourdieu argues that 'the principles embodied in this way are placed beyond the grasp of consciousness, and hence cannot be touched by voluntary, deliberate transformation; . . . nothing seems more ineffable, more incommunicable, more inimitable, and, therefore, more precious, than the values given body, *made* body by the transubstantiation achieved by the hidden persuasion of an implicit ideology, capable of instilling a whole cosmology, an ethic, a metaphysic, a political philosophy. . . ' (1977a: 94). Symbolic violence, thus, concludes Bourdieu, '*accomplishes itself through an act of cognition and of misrecognition that lies beyond—or beneath—the controls of consciousness and will*, in the obscurities of the schemata of habitus that are at once gendered and gendering' (Bourdieu and Wacquant 1992: 172). It is in this sense that gender domination consists 'in an imprisonment effected via the body' (Ibid.). Through a form of symbolic domination women, clearly, then, often collude, both willingly and unwittingly, in their construction as feminine beings.¹² How does this happen? A consideration of the question of how power operates is therefore central to this paper.

It is through the 'habitus', as Bourdieu uses the term, that the structure which has produced it governs practice¹³ and we are therefore unable to actually or radically alter our being and free ourselves from our own oppression, as it were. In other words, power operates from within us and has taken root in many webbed ways in our ways of thinking, knowing and seeing so that we perceive as we are meant to and thus know our embodied selves as we are expected to. The female

body, as Foucault would have us believe, is then the 'docile body' to the extent that it may be 'subjected, used, transformed and improved' (1977: 136) and is ruled completely by its dominant other which however it has internalised as its own.

It is important to understand however that power operates in a very subtle and non-intrusive manner, as it were, so that in fact it is possible that one is hardly aware that one is in its grip. Bourdieu points out, in a recent interview with Terry Eagleton, that 'the main mechanism of domination operates through the *unconscious manipulation* of the body;' (1992: 115, emphasis added). Bourdieu's theory of 'symbolic violence' is clearly presented in the first half of his treatise on education (Bourdieu and Passeron 1977b) in which he argues that symbolic violence is 'the imposition of systems of symbolism and meaning (i.e. culture) upon groups or classes in such a way that they are experienced as legitimate' (Jenkins 1992: 104). The legitimacy hides the power relations and allows the imposition to take place and, therefore, for reproduction to take place. As already pointed out, this is possible through the process of *misrecognition* whereby 'power relations are perceived not for what they objectively are but in a form which renders them objective in the eyes of the beholder' (Bourdieu and Passeron 1977b : xiii). Resistance, for Bourdieu, then, takes on a very different meaning from that for Foucault. Discipline, Bourdieu argues, is something external and therefore has to be obeyed whereas symbolic domination 'is something you absorb like air, something you don't feel pressured by; it is everywhere and nowhere, and to escape from that is very difficult' (with Terry Eagleton 1992: 115). Bourdieu therefore concludes that domination of this kind is a more brutal and effective means of oppression and resistance is very difficult.

Power, it would appear, is essential to an understanding of how in fact femininity 'disempowers us even as it seduces us' and 'how the values of a system that oppresses us are able to take up residence inside our minds' (Bartky 1990: 2). Power, for Foucault, is a positive rather than a repressive force. It is productive to the extent that it does not exist in the form of interdictions or prohibitions but is 'hidden' in the social body. He suggests that 'when we turn to individuals' we find 'power nowhere except in the mind (under the form of representation, acceptance or interiorisation)' (Foucault 1988b : 119). Power is in that sense not experienced as oppressive and because it is productive, it may in fact be pleasurable. It is therefore important for a woman to see her body on what *she considers* her own terms and not as defined by the other. It is also important for a woman to experience her body, and her manipulation of it, in terms which are seen as being profitable to her physical and emotional well-being. As one informant said, 'I've always taken care of myself. I like my body to look nice. I should like

my face when I look at it in the mirror.' Another woman told me, 'Being fit is important. I'm bothered when I put on weight, for example, I have to make an effort to do things, I don't like that. I don't like a bulge or a paunch or when my blouse gets too tight and I go into the next size.' A third informant said, 'The shape of my body is important to feel good about myself. Not a barbie doll figure . . . A woman's body is pleasing to yourself, to have a beautiful body. I feel more relaxed relating to somebody if my body is the shape I like.' And so on and so forth. These women, and many others, then go on a diet, start exercising, visit the beauty parlour to look nice and stay fit. The body, and its discontents, are never experienced as oppressive *in themselves*. They acquire that quality of oppression only in relation to the other, especially the significant other in a woman's life. As one woman said, 'My husband didn't like my weight and as a kind of protest I remained fat all through my marriage. He had no right to relate to the way I looked. That was my business. It was also related to the fact that I didn't like my body fat. . . My identity was tied up with this image of being slim. Although I was protesting all the time, I was also succumbing to it. I wasn't relaxed about it. It affected my sexuality. . .'¹⁴

How, then, is control exercised in everyday life? Not through direct repression but through what McNay calls 'more invisible strategies of normalisation' in accordance with Foucault's argument that individuals regulate themselves through an inner search for their hidden 'truth' which lies in their innermost identity. This identity is clearly one's sexual identity which is 'the linchpin of normalizing strategies' (McNay 1994: 98) to the extent that individuals fail to recognise the constructed nature of their sexuality and are therefore unable to see the possibilities for change. It then becomes clear how a culture's efforts to inculcate a normatively defined femininity are successful as their legitimacy or 'truth' are not questioned by women who are socialised in early childhood into appropriate modes of becoming or being and codes of conduct. Socialisation processes are however not the only means through which normalising strategies effectively function. Women are continuously exposed to an array of social and cultural practices that set out to, in one way or another, influence and shape their identities as feminine beings. Resistance to these social practices however take different forms and women often subvert what is given to make space for their own ways of perceiving, knowing and being.¹⁵

Foucault clearly saw that resistance and power are coextensive. He argues, in his later writings, that 'As soon as there is a power relation, there is a possibility of resistance. We can never be ensnared by power : we can always modify its grip in determinate conditions and according

to a precise strategy' (1988b : 123). Such a precise strategy is only possible when there is a perception or recognition of the relation of power. When however, as Foucault himself tells us, power is not imposed but has in fact a 'capillary form of existence' to the extent to which 'power seeps into the very grain of individuals, reaches right into their bodies, permeates their gestures, their posture, what they say, how they learn to live and work with other 'people' (1980: 217), then the extent to which resistance can be either very specific, organised or even articulated needs to be considered.

The problem with Foucault's theory of power lies precisely in his discussion of resistance which appears more as a kind of 'reactive strategy' rather than a transformative practice. Foucault is unable to in fact provide a convincing account of the effectiveness of resistance and his theory of resistance is therefore problematic.¹⁶ If we apply his theory of power to our analysis of the modes of domination that the female subject experiences in everyday life, we find little scope for the possibilities of resistance. It would appear then that women, when confronted with either frontal attacks on or symbolically oppressive representations of their bodies, react by either submitting to dominant pressures or by resisting such pressures through individual responses which are unable to in fact change or even dramatically alter dominant perceptions of their gendered bodies. What then, the question might be asked, is the purpose of such resistance? If indeed its purpose is to serve as a mode of transformative practice, then, such forms of resistance are of limited value to the extent that they remain non-confrontational and essentially individual responses. If, however, the purpose is to suggest a productive view of human agency where the woman is not merely a passive victim but also an agent of change, we could argue that individual responses are the beginning of transformative practices and therefore are not without purpose. As Faith has pointed out in a recent paper, 'resistance cannot simply defeat, overturn or suddenly transform disciplinary power'. It however can 'resituate the problem of power abuse', that is, it 'weakens processes of victimisation, and generates personal and political empowerment through the acts of naming violations and refusing to collaborate with oppressors' (1994: 39). Faith in fact highlights the positive nature of such individual acts of resistance and argues their transformative potential: 'The "willing victim" may be operating from the vantage of strategic resistance, watching for openings and coalescing the fragmentary forms of resistance which, in combination, articulate a potential challenge to the status quo' (Ibid.).

The social reproduction of dominant constructions of gendered embodiment and the individual or collective acts of resistance are of equal importance in our understanding of everyday life. Henrietta

Moore, in a recent work, has argued that 'any social theory must account *both* for the reproduction of dominant categories and discourses *and* for instances of non-reproduction, resistance and change' (1994: 52, emphasis added). In this context, we need to first address the question of the subjectivity of engendered subjects, that is, we are looking at individuals whose subjectivity is marked with differences on the basis of gender, caste, region, and socio-economic and educational backgrounds. Resistance and complicity then do not merely refer to types of agency but, as Moore so insightfully remarks, to 'forms or aspects of subjectivity' (Ibid. : 50). Thus, a woman's resistance to the dominant discourse is dependent on her variously marked and changing subjectivity which, at different times, will influence her resistance differently depending on which factor is most important at any given time. In certain situations, a woman's class and social background determines her response while in other situations her educational background, ideological and political commitments may shape the nature of her response. Her status as a mother or as a single parent is likely to effect her response in some situations whereas in some other situations her regional and community background are the influential factors.

It is essential to understand the point about multiple subjectivities, that is, that all the 'major axes of difference, race, class, ethnicity, sexuality and religion, intersect with gender in ways which proffer a multiplicity of subject positions' (Moore 1994: 57). It is in this sense that women often acknowledge feeling like a different person in varied settings and contexts 'which call for different qualities and modes of femininity' (Weedon 1987, as quoted by Moore). As women, we therefore respond to different subject positions by either accepting them wholeheartedly or denying them altogether or by manipulating the situation through an apparent acceptance but in fact offering resistance. Women tend to give expression, for example, to their femininity in different ways depending on what is expected of them from varying significant others. They also respond to situations differently depending on the situation or the context. Resistance therefore may not be a situated act but varies according to not only multiple subjectivities but also different contexts. Yet, as Weedon points out, 'even when we resist a particular subject position and the mode of subjectivity which it brings with it, we do from the position of an alternative social definition of femininity' (Ibid.).

Reproduction is thus a problematic issue: how does the dominant ideology, through forms of cultural practice in everyday life, determine or shape our gendered bodies? Do we wholeheartedly accept these dominant discourses and identify with them? Clearly, in arguing for the social construction of femininity, we have to examine 'how the

social representations of gender affect subjective constructions, and how the subjective representation or self-representation of gender affects its social construction' (Moore 1994: 53). Women's own perceptions of their bodies and femininity are therefore as important to our analysis as are the dominant ideologies of gendered representation available to us through social practice.

The dividing line between compliance and subversion is thin and the female body is often the conflicting site of both giving in to, as well as resisting dominant ideologies and ways of being. The woman is not, in a passive state, meekly accepting her fate and I would like to emphasise that conflict is in fact central to her life whether or not she is able to give expression to her desires and views. However, we must acknowledge the fact that, much as we would like the subject to be an actively knowing and therefore resisting subject, 'no one can ever be fully aware of the conditions of their own construction' (Moore 1994: 53). There is no doubt therefore that the woman more or less succumbs to dominant paradigms which she has internalised as her own to which however she contributes her own perceptions of her femininity and her own modes of self-definition. The latter is, in a sense, what Foucault would call 'a technique of self-production'. The question Foucault raises, in this context, in his later work, is related to how humans develop knowledge about themselves and the answer, he suggests, lies in 'the specific techniques that human beings use to understand themselves' (1988 a : 18). He examines four types of such techniques, viz. those of production, of sign systems of power, and of the self (Ibid.). Foucault, with no specific interest in femininity or feminism for that matter, argues that the 'technologies of the self' allow 'individuals to effect by their own means or with the help of others a certain number of operations on their bodies and souls, thoughts, conduct, and way of being, so as transform themselves in order to attain a certain state of happiness, purity, wisdom, perfection, or immortality' (Ibid.). He might have added social acclaim and public adoration which is what many men and women seek through the manipulation of their bodies. In urban everyday life, these include 'work-outs', aerobics, jogging, swimming and walking among other activities of active self-production. Although the newly found passion for 'health' or 'physical fitness' among certain sections of the upper classes, clearly may also be responsible for such activities, none of the women I interviewed in fact mentioned these as the only reason. Caring for the body was certainly tied up with a desire to lose weight, 'look nice', and also wear the kind of clothes they wanted to. Some of my informants said they perform yogic exercises in their attempts to stay fit and also lose weight. Yoga is here understood as a resistance strategy, of subverting dominant modes of manipulation of one's body through, for example, aerobics or

working out, by reverting to an earlier idealised mode of caring for the body. The body and mind are thus seen in union through the practice of *hatha yoga* and meditation which is what many of these women practice. This however becomes fashionable practice, acquires its own reproductive value, soon becomes the norm among a certain category of women and ceases to be a subversive act.

If the body is viewed as a product, as the above analysis indicates, and which is what a constructionist view points to, then, we need to consider the question: 'Whose product is it?'. It is not enough to simply state that it is patriarchy which creates this product because women are also involved in its production. A patriarchal society, with its attendant ideology, certainly contributes to its production but how is the female body ultimately produced? What is the role of women's self-perceptions and strategies to negotiate and manipulate their bodies for their own ends in this production?

The Lived Body

The focus in this paper, clearly, is on what may be called 'the lived body', i.e. the body grounded in experience, in everyday life, rather than on the objectified body of science. John O'Neill distinguishes between the physical body and the lived body which is 'that communicative bodily presence to which we cannot be indifferent, to which we are as sensible in others as in ourselves' (1985: 17). Our bodies therefore are 'the fine instruments of both the smaller and the larger society in which we live' (Ibid. : 21). Our bodies, as social beings, are thus the lived bodies of everyday life.

The lived body is located in culture and as Young points out, 'culture and meaning [are] inscribed in its habits, in its specific forms of perception and comportment' (Young 1990 : 14). In her recent work on 'difference', Moore suggests the notion of 'the 'lived anatomy' and of bodily praxis as a mode of knowledge that draws on an understanding of experience as a form of embodied intersubjectivity'. She argues that one's presence as an embodied subject shapes 'the ontology of experience which emphasizes the degree to which social interactions are embodied ones taking place in concrete space and time'. Experience, then, is 'intersubjective and embodied; it is not individual and fixed but irredeemably social and processual' (Moore 1994: 3). Experience is not a collective phenomenon but varies across cultures, races and within a culture, according to class, caste and regional orientations. Yet, experience cannot be defined as an individual's limited perspective located in a specific milieu that defines a particular woman's existence. It is common to women belonging to a particular group of similar social status and standing located in a defined cultural and social setting. Our understanding of such experience will help us to

define and explain the nature of social relations and inequalities prevalent among certain sections of society. It may not help us to understand society in its entirety but such a goal is in any case outside the scope of this paper.

Beginning from experience is beginning from 'the real', as it were, from everyday life, and from what may be considered women's realities which have remained unexplored and therefore invisible to us.¹⁷ Particularly in relation to the woman's body, in India, we have very little material on women's experience which may help us to understand the manner in which power asserts itself in our most intimate lives. Dorothy Smith has argued that 'to begin in experience is to begin outside textually mediated discourse' so that one starts from what one directly knows in one's life (1991: 156). 'Personal politics' undoubtedly contributes to the intellectual understanding of women's lives in different cultures, classes, and strata of society. The question may then be posed as to what could possibly be more personal than the life of the body? Merleau-Ponty, a philosopher committed to the primacy of experience, cautions us however that experience cannot be considered truth as it is coloured by 'social, political, historical, and cultural forces and in this sense cannot provide an outside vantage point from which to judge them' (Grosz 1994: 94). He nonetheless remains committed to understanding and explaining 'the body as I live it, as I experience it, and as it shapes my experience' (Ibid. : 86).

An important aspect of gender consciousness is body image, which, as Merleau-Ponty tells us, is 'finally a way of stating that my body is in-the-world' (1962: 101). The limits and shape the body image are largely determined by 'the space surrounding the subjects body'. This spatiality, Grosz suggests, is the 'lived spatiality of endogenous sensations, the social space of interpersonal relations, and the 'objective' or 'scientific' space of cultural (including scientific and artistic) representations' (Grosz 1994: 80). In everyday life, a woman's physical spatiality is shaped by both offensive and pleasurable experience in the family, home, and work place, and in the wider public arenas which she frequents. Women's bodily space is restricted space in almost any culture. Women function from confined, enclosed spaces while men have access to wider, more open, public spaces. Woman's bodily movements are therefore restricted and, as Young points out, 'there is a failure to make full use of the body's spatial and lateral potentialities' (1990: 145). Clearly women's gait and stride are very different from that of men's and this is nowhere more evident than on the sports field where girls tend to concentrate on more 'feminine' sports like badminton and boys on football.¹⁸ It is as if 'a space surrounds us in imagination that we are not free to move beyond; the space available to our movement is a constricted space . . . we lack

an entire trust in our bodies to carry us to our aims' (Ibid. : 146). Woman's physical spatiality is also influenced by representations of female embodiment in the media and theatre, in popular magazines and films, in cultural artefacts, and 'scientific' worlds such as medicine. A woman's body image is therefore seen in relation to all of these not separately perceived and identified but as an amalgamated 'social' whole which impinges on her sense and vision in many different ways.

Modes of representing the female body in women's magazines are of particular interest as the body imagery is very strikingly conveyed to the average urban middle-class reader through fashion photography, advertisements, and other forms of body-imagery. Fuss has pointed out that fashion photography, for example, 'poses its models as sexually irresistible subjects, inviting its female viewers to consume the product by (over) identifying with the image' (1992: 713). Readers of such magazines are women who therefore look at, identify with and strive to be like the images they see in an endless search for that ever-changing and elusive femininity.

The impact to much of the body imagery in women's magazines on women is to make them conscious of their bodies in terms of size, shape, weight, skin colour or texture, and associated characteristics. The fashion-beauty complex awakens in them the desire to strive for perfection and to somehow achieve a semblance of what they see.¹⁹

The other important factor that influences body image is the body's relationship with objects of all kinds, such as jewellery, accessories, and, above all, clothing. Adornment is central to our self-presentation and, indeed, as Wilson points out, 'there has never been a culture without adornment, without some modification of the raw material of the body' (1990: 68). Clothing, according to Silverman in an admirable paper on the subject, 'exercises as profoundly determining an influence upon living, breathing bodies as it does upon their literary and cinematic counterparts, affecting contour, weight, muscle development, posture, movement, and libidinal circulation' (1986: 146). It is in this sense that clothing becomes a 'necessary condition of subjectivity—that in articulating the body, it simultaneously articulates the psyche' (Ibid. : 147). It is therefore unlikely that a politically conscious woman 'can somehow escape fashion altogether' or that women 'are uniformly oppressed by a totalitarian dictatorship of fashion' (Wilson 1990: 68). Women do tend to clothe themselves from within the broad parameters of current fashion but they are always free to clothe themselves as they want. Clothing also marks the body, its position, its gait as what one wears determines the way one walks (Grosz 1994: 80). Traditional Indian wear, which remains the dominant mode of dressing for most urban middle and upper class women today, may hamper one's gait unlike western wear which allows for freedom.

Fashion, it has been suggested, is 'the discourse *par excellence* which articulates the theme of women's relationship to images of themselves' (Evans and Thornton 1989: 9). The discourse of fashion forms and gives shape to femininity, as it were, in an endless definition and re-definition of femininity. One aspect of the performativity of femininity is fashion which helps women to both display and perform their femininity in different ways (Ibid. : 13). A woman therefore makes a statement about her body image through the clothes she wears, the facial make-up, and the manner in which she comports herself. She is either 'westernised' or 'traditional' in her presentation of her embodied self which is a reflection of her perception of her femininity according to her social background and upbringing as well as her inner feelings about her body image. The body therefore does not have merely a utilitarian value; it is invested with meaning for the subject who may like and/or dislike certain parts or the whole of her body. "It is significant", Grosz argues, "That the investment in and the various shapes of different parts of the body image are uneven, for clearly some regions are far more libidinally invested than others' (1994: 81). For the women I interviewed, for example, certain parts of the body are particularly important in their body image. These include the stomach (preferably flat), the hips, the breasts, and legs (especially if they tend to wear skirts). The concern of course is with the presentation of self so that large hips and breasts or a protuberant stomach signify an inferiorized femininity out-of-tune, as it were, with the ideal, perfect body image. In women's experience of their erotic sexuality, as opposed to reproductive sexuality, again, certain parts of their bodies acquire an importance in relation to their experience of it. Breasts are the most commonly mentioned and the emphasis on breasts in women's accounts appears to be related to the emphasis on women's breasts in popular literature and cinema, in women's magazines and also in contemporary fashion in urban Delhi. As Young points out, 'In the total scheme of the objectification of women, breasts are the primary thing' (1990: 190). There is also the fact that women's breasts are 'culturally required to be so exclusively 'for' the other—whether as instrument and symbol of nurturing love, or as erotic fetish' (Bordo 1993: 20). The point that I am trying to make is that women's concerns with particular parts of their body surfaces is therefore not a reflection of emotions and unconscious desires alone but that is also related to the socially shared meaning that such parts acquire for them.

There is clearly a difference between women's experience of erotic sexuality, and of their bodies as an erotic field, and their experience of reproductive sexuality and of their bodies as maternal bodies. Reproductive sexuality is defined by women either as a 'project' (if they are over 30 years of age and desperate to have a child) or a

tiresome chore essentially to fulfil the demands of others. In this context, I have elsewhere discussed the differences between women's experience of erotic sexuality in nuclear homes and in joint families in an urban setting.²⁰ Women clearly experience a heightened sexuality in nuclear homes and have great expectations of their partners whereas in joint families, the pressures of living together, often in disharmonious conditions, makes it a much more mundane affair for most women who see it, as one informant told me, 'like making *chappatis*. Just do it fast and go to sleep. People tell me it is good for peace of mind so I do it'. Such an experience is particularly common with women who are in oppressive relationships within joint families. The experience of sexuality is altered in motherhood when, to a large extent, the child or children take over the emotional and physical lives of women. Women then do not experience such a 'desperate need' for sex, as one informant said as a lot of the 'tactile needs are satisfied from the child'. However, if the woman is a mother of an older child but divorced or separated from her partner, her maternal body tends not to interfere with her experience of her sexuality and she is clearly a single woman in terms of sexual availability. In another context, women also experience sexual violence in marriage and this is seen primarily in terms of the control that is sought to be exercised by their partners as a result of conflict within their relationship, their possibly growing independence or even a desire for an independent existence outside the marriage. The female body, through sexuality, then becomes the site for explicit male dominance and control which asserts itself in different ways. Sexuality, for these women, is therefore tinged with fear of the other's body and, as one informant told me, she does not move at night as she is afraid she might disturb her partner who would then 'pounce' on her. This issue, important as it is, is however not my central concern in this paper.

I would like to emphasise the fact that women's experience of sexuality is clearly related to feelings about self-image so that if a woman sees her body as fat or out-of-shape, it affects her sexuality. There is a 'preoccupation with the visual image—of self and others—and a concomitant anxiety about how these images measure up to a socially prescribed ideal' (Coward 1984: 75). The image of the perfect body is acknowledged by urban women as deriving from the media and other influences, notably western images, prevalent in India today. The concern with the appropriate presentation of bodily self is also linked to the internalisation of the gaze of the socially and perhaps sexually dominant Other which has turned the woman into a surveyed object. In this context, John Berger has suggested that 'the surveyor of woman in herself is male: the surveyed female. Thus she turns herself into an object—and most particularly an object of vision: a sight' (1972: 47).

Several women interviewed by me spoke of the male partner's definitions of their bodies and, although they were quick to assert their 'own' point of view, it was abundantly clear that somewhere those male opinions and definitions did count and did serve to influence their own perceptions and experiences of their bodies. As one informant told me, 'As long as men and women remain, and physical attraction remains, women will continue to make themselves attractive to men'.

According to the psychoanalytic theory of 'the gaze', the observer 'objectifies the subject of the gaze in the pursuit of scopophilic and voyeuristic pleasures' so that women are represented always as the object of male heterosexual desire (Craig 1994: 12,13; see also Mulvey 1988a). Such a view however presumes the link between sexuality and 'the look' as essential but ignores other important ways of representation, which do not derive from normative heterosexual desire, such as 'autoeroticism, homoeroticism, sensual pleasure and fantasy' (Ibid.). It is possible that other practices of interpretation exist, for example, clothing or the act of wearing fabric is related to our skin, to our tactile senses, in a very intimate sense so that the desire for wearing sheer satin or silk cannot always be related to looking but also to the sexuality of having such fabric caressing our skin or to a private fantasy about our bodies and clothing. The gaze, then, is not necessarily an external gaze which has simply been internalised by women in their continuous pursuit of an elusive femininity but could also be the product of inner fantasies and erotic impulses related to a sensuality and sexuality that need not always be heterosexuality determined. In another context, Fuss for example, has discussed the 'homospectatorial look' (1992) by which she means that women visually appreciate and consume eroticised images of the female body and identify with these images completely.

Concluding Comments

In the last section of this paper, I would like to briefly examine some issues relating to resistance and alternative possibilities of the construction of ourselves as embodied gendered subjects. Let me first state quite clearly that I am not arguing for a feminist utopia, that is, for an autonomous or alternative femininity which quite simply does not exist. In fact, as Butler argues in this context, the 'recourse to an original or genuine femininity is a nostalgic and parochial ideal that refuses the contemporary demand to formulate an account of gender as a complex cultural construction. This ideal tends not only to serve culturally conservative aims, but to constitute an exclusionary practice within feminism, precipitating precisely the kind of fragmentation that the ideal purports to overcome' (1990: 36). The point is to identify acts of resistance and subversion within the context of a culturally

constructed femininity and to see how these offer, on the one hand, a statement by the subject on the unacceptability of her victimhood and, on the other, the possibilities or the potential for altering the processes of construction. Such acts of resistance may be fragmentary in nature and suggestive of a passive mode of enactment or action but nonetheless offer a challenge to existing modes of domination at an individual and perhaps personal level.

I will here briefly consider one area in which forms of resistance are clearly evident in everyday life. Clothing offers the greatest space for acts of resistance or for the subversion of dominant styles of dressing and therefore the presentation of bodily self. Renee Baert, in a recent paper has pointed out, 'Dress may be the agent of subversion, parody, adventure, fantasy, exploration, play. As sign and medium, clothing offers a critical site around which questions of spectatorship and representation, being and appearance, gender and desire can move, unfixing the binaries of phallic and feminine' (1994: 372). It is through alternative styles and modes of dressing that women and men express the changeable nature of their gendered beings, for example, through cross dressing. Male reversal however appears only as a farcical mode whereas female reversal is more acceptable and in fact is part of the discourse of fashion. Thus, as Doane tells us, 'while the male is locked into sexual identity, the female can at least pretend that she is other—in fact, *sexual mobility would seem to be a distinguishing feature of femininity in its cultural construction*' (1991: 25, emphasis added).

Femininity as masquerade is another form of subverting socially acceptable dressing styles particularly used by models in fashion displays. Masquerade ceases to be a form of resistance however, when it is appropriated by the dominant culture and is then used only for symbolic purposes. Joan Riviere, who first theorised the concept in her essay on 'Womanliness as a Masquerade' in 1929, argues that women assume a mask of womanliness to disguise their masculinity, for example, their intelligence or power (Shingler 1995: 180). Femininity-as-masquerade could, suggests Shingler, however very well be the result of 'social powerlessness' (Ibid.) and in that sense is more of subversive strategy rather than an act intending to transform her inferiorised femininity. The masquerade, then, 'in flaunting femininity, holds it at a distance. Womanliness is a mask which can be worn or removed. The masquerade's resistance to patriarchal positioning would therefore lie in its denial of the production of femininity as closeness, as presence-to-itself, as precisely imagistic . . . To masquerade is to manufacture a lack in the form of a certain distance between oneself and one's image' (Doane 1991: 25,26). The masquerade undoubtedly destabilizes the image by accentuating

femininity through a form of double representation, as it were, and confounds the masculine structure of the look.

Kaja Silverman has talked about 'retro' dressing (1986), which is a reversion to an earlier dressing style, as a form of counter culture dressing and therefore as a form of resistance. However, such a form of dressing can become fashionable and then becomes 'retro chic' and loses much of its subversive quality. This is similar to the 'ethnic' style of dressing common among a certain class of women in contemporary India who choose to dress in an alternative style using fabric and designs emerging from traditional or ethnic resources. This style however has been taken over by the fashion industry, glamourised, turned into 'ethnic chic' and today no longer exists as a form of counter culture dressing. Stylised ethnic chic is different from the more 'raw' form, as it were, represented by someone like Livleen Sharma (a high profile upper class woman in Delhi who dresses like Banjara women) which is viewed as an eccentric aberration and is clearly not seriously acceptable. Such women, through their flamboyant dressing styles, are seen as attempting to project their gendered form through alternative and eye-catching modes. These styles nonetheless are also a statement on resistance representative of a particular ethnic style.

Clothes are also used to express one's femininity in what a woman considers her very own style. My informants told me that they altered or modified the design, shape and style of their sari blouses, wore skirts, loose trousers, jeans and other such clothes as and when they chose to. The more discerning among them, depending also on their class and social background, have their clothes tailored by a particular woman designer who does not perceive a woman's body as an object on display but takes the woman's personality, career, and entire lifestyle into account before designing her clothes. However, at formal occasions including family events they all confessed to wearing saris as their other clothes would be clearly unacceptable. One has to then consider the efficacy of such acts of resistance when they fall short of transforming social and cultural practices although as individual responses they do make a statement on women's active engagement with constructions of their femininity.²¹

Throughout this paper, we have been moving between determinism and free will and agency in our attempt to understand the gendered subject from a social constructionist position. It is however, important to understand, as Butler has argued, that 'construction is not opposed to agency; it is the necessary scene of agency, the very terms in which agency is articulated and becomes culturally intelligible' (1990: 147). It is therefore necessary to participate precisely in those cultural and social practices that constitute gender identity and locate, identify, affirm the interventions and contestations within them.

An earlier version of this paper was presented at the Fellows' Seminar, Centre for Contemporary Studies, Nehru Memorial Museum and Library, New Delhi. I am grateful to the participants for their comments and suggestions.

The paper is part of a larger project on 'Femininity and Culture' on which I am working at the Nehru Memorial Museum and Library. The paper is a preliminary statement on the sociological and feminist perspective that informs my work. If there is a greater engagement with American feminist theory, it is because I have found its work on the female body very useful in trying to understand the constitution of gender identity in contemporary India. The paper is based on material from interviews with a small number of randomly selected middle and upper class women in Delhi. An attempt was made to maintain a certain homogeneity in the sample in terms of professional or career status, educational and social background and so on. These women represent the category of urban Indian women who because of their education, status and position in society are exposed to an array of visual and printed images of femininity which they have internalised and which informs their femininity. I am aware that the contexts in which one could understand lower class women would be very different for this kind of work and I have not at all tried to make any comparisons or contrasts between the two categories. Apart from interviewing women, I have also collected material for the project from a popular women's magazine, *Femina*, and am in the process of interviewing fashion designers and models.

NOTES

1. 'Woman' in this paper is addressed as 'subject' essentially in order to move away from positivist and other objectifying categorisations. It considers the subject as one who is in process, as it were, or in a Foucauldian sense, one who 'is constituted, as formed by discourse, but also the subject that resists, that can inevitably fashion other discourses (although none would equal Truth)', (Kumar 1994: 8). Thus, woman as subject is suggestive of the view that women are in the continuous process of becoming, defined and self-defining, submitting to dominant pressures and paradigms as well as resisting and reshaping their identities as embodied selves.
2. I do not address the question of the constructed nature of masculinity in my work. This is an area of considerable interest and recent work in the broad area includes that of Segal (1990), Connell (1993), Rogoff and van Leer (1993), Rutherford (1992), Morgan (1992). In the Indian context, work on masculinity includes that of Alter (1993) and Mehta (1996 forthcoming).
3. Although their influence is acknowledged, I do not examine the effects of all these factors in the lives of women in any depth in this paper.
4. Although the concept of the gaze derives from psychoanalysis and has been used by Freud, especially in his discussion of scopophilia, among feminists, it was Laura Mulvey who, in a remarkable paper, used the term in the context of film criticism. See Mulvey (1988a) and (1988b). See also Doane (1991, especially Section I) and Fuss (1992).
5. Feminist work on the objectification of the female body through body imagery and forms of representation includes that of Dighe and Krishnan on the media (1990), Uberoi on calendar art (1991), among others.

6. Dietrich has also raised the question of the lack of discussion on sexuality in the women's movement in India except, as she puts it, 'as a tail-piece to the discussion of fertility and fertility control' (1992: 35). The recent Report of the Session on Sexuality at the Fifth National Conference of the Women's Movements in India held in January 1994 does, however, raise several issues. Women discussed and shared their experiences of their bodies and sexuality, and the implications of these for their families and for their lives in general. This was the first time that 'Sexuality' was included in this Conference as a separate session with 'Lesbianism' as a sub-theme.
7. In this paper I do not particularly discuss the work of French feminists, such as Irigaray, Kristeva, Cixous, and others, associated with the view that the woman exists sexually and that this can be shown as 'a fearful social fact, *textually*'. This description of woman's difference in language is *écriture féminine* or writing (the) body' (Dallery 1994: 288). See Irigaray (1985a) and (1985b) and for an excellent critical work on Irigaray, see Whitford (1991).
8. Work on India, however, as Kumar points out, by scholars with diverse interests such as Ashis Nandy, Sudhir Kakar, Wendy O'Flaherty, Susan Wadley, and so on, suggests that 'dichotomies such as body/spirit, mind/matter, inside/outside, and so on, including those of male/female are less rigorously constructed in India than in the West'. This suggests that masculinity/femininity do not have the same characteristics and nor do they bear the same relationship to each other as they do in the West (Kumar 1994: 11). Such material however does not present a specifically Indian or even South Asian sociology of womanhood so therefore remains inconclusive in its argument.
9. Socialisation processes relating to the girl child in general have been examined, for example, by Dube (1988), Jeffery (1979).
10. A recent report brought out by two researchers at the National Institute of Mental Health and Neurological Sciences comments on the prevalence of anorexia nervosa and bulimia among young college girls based on a study in Bangalore. The authors conclude that in fact there is no incidence of eating disorders among the girls interviewed although there is a consciousness about dieting and reducing or maintaining body weight (see Chandra and Chaturvedi (1995).
11. In a recent work which questions the constructed nature of the female body, Butler however argues for its sexed specificity: 'Even as the category of sex is always reinscribed as gender, that sex must still be presumed as the irreducible point of departure for the various culture constructions it has come to bear' (1993: 28). Butler however is not suggesting a position grounded in the biological nature of existence; instead she is positing the 'materiality' of the body prior to its signification so that 'to know the significance of something is to know how and why it matters, where "to matter" means at once "to materialize" and "to mean"'. (ibid. p. 32). The important point, for our purposes, is to understand how this 'matter' is formulated and constructed and then to consider some aspects of its transformative potential. See also Butler (1987) for a discussion of embodiment, sex and gender wherein Butler concludes that there is no such thing as an essential femininity. Her argument is based on her understanding of the psychoanalytic position which emphasises the deep-rootedness of sex and gender identity and the Marxist position which reinforces the constructionist position.
12. Bourdieu, in a recent formulation, defines 'symbolic violence' as 'the violence which is exercised upon a social agent with his or her complicity' (1992: 167, emphasis in original). Therefore, Bourdieu continues, 'social agents are knowing agents who, even when they are subjected to determinisms, contribute to

producing the efficacy of that which determines them in so far as they structure what determines them' (ibid., 167–8). The gendered subject is hence never merely a passive instrument of culture but plays a significant role in her construction which has implications of course for notions of resistance and subversion in this context.

13. Bourdieu defines *habitus* and its origin, very briefly stated here: 'The structures constitutive of a particular type of environment (e.g. the material conditions of existence characteristic of a class condition) produce *habitus*, systems of durable, transposable *dispositions*, structured structures predisposed to function as structuring structures, that is, as principles of the generation and structuring of practices and representations which can be objectively 'regulated' and 'regular' without in any way being the product of obedience to rules, objectively adapted to their goals without presupposing a conscious aiming at ends or an express mastery of the operations necessary to attain them and, being all this, collectively orchestrated without being the product of the orchestrating action of a conductor' (1977 p. 72). I have elsewhere critically examined the concept of *habitus* in the context of theories of cultural reproduction and pedagogic communication (see Thapan 1988).
14. I have related women's narratives on oppression in intimate relationships to their images and experience of their bodies and sexuality which are to a large extent based on their partner's definitions, perceptions and expectations. See Thapan (1995).
15. James Scott, in his well-known work on peasant resistance, draws our attention to everyday forms of such resistance (1985). He has been critiqued by Hart for failing to address the question of the gendered nature of such resistance and the special role women play in acts of resistance in the area in Malaysia where he did his field work, (see Hart 1991). His emphasis on resistance and rebellion as being part of everyday life has however been of invaluable help in understanding individual responses and strategies of resistance. Elsewhere, O'Hanlon has argued that resistance need not necessarily take 'the virile form of a deliberate and violent onslaught'. In fact, she argues, we should look for resistance of a different kind: 'dispersed in fields we do not conventionally associate with the political; residing sometimes in the evasion of norms or the failure to reflect ruling standards of conscience and responsibility . . . sometimes in what looks only like cultural difference' (1988: 223). See also Talwar Oldenburg (1990) and O'Hanlon (1991) for analyses of resistance among women in northern and colonial western India and Bacchetta (1994) for a case of resistance drawn from the life of a Hindu nationalist woman in contemporary India.
16. Cf. with Simons (1995) who makes a similar point, viz. that resistance is 'drastically under theorised in his work' and that Foucault's views on what makes resistance possible are 'opaque and allude to some sort of underlying indomitable essence of agonal subjectivity that always resists power'. Such resistance, argues Simons, would be 'unconditioned and thus unbearably light' (1995: 84). See also McNay (1994, especially p. 104). Harstock, in particular, is very critical of Foucault, arguing that in fact 'he fails to provide an epistemology which is usable for the task of revolutionising, creating, and constructing' (1990: 164). See also Diamond and Quinby (1988), Sawicki (1991) and (1994), Ramaganoglu (1993), and Cooper (1994) for feminist discussion and criticism of Foucault.
17. Dorothy Smith, who has extensively argued for a sociology based on experience rather than *separation* from direct experience, argues that in fact 'the only way of knowing a socially constructed world is by knowing it from within' (1990: 22). Elsewhere, Smith elaborates on a discussion of the possibilities of contributing to

- a sociology that writes from the 'standpoint of actual experience' than from the 'standpoint of its ruling' (1991).
18. In a well-known boarding school, where I conducted field work some years ago, the girls would play tenniquoit and basketball, the boys football and cricket. See (Thapan 1991, especially p. 138). Padma Prakash has examined the relationship between women and sports especially in the context of the attempt by women to 'recapture the right to physical expression' (1990). See also Young (1990, especially Chapter Eight).
 19. There are several implications of the representational modes and body imagery in women's magazines but that is the content of another paper under preparation.
 20. See Thapan (1995).
 21. I might add in conclusion that I might possibly have arrived at a better understanding of resistance by examining alternative sexualities. I was however unable to gain access to the lesbian community in Delhi or even to interview any lesbians wary as they are of heterosexuals in general and academics in particular.

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PARTHASARATHI MONDAL*

Hegemony and the National Mental Health Programme: A Conceptual Preface

Introduction

The objective of this paper is to elicit some contributions from the thought of Antonio Gramsci in order to develop a rudimentary conceptual preface to the problem of people's participation which afflicts the National Mental Health Programme today.

Mental health problems alone constitute about 8 per cent of the Global Burden of Disease, and more than 15 per cent of adults in developing societies are estimated to suffer from mental illness.¹ The seriousness and urgency of the mental illness and mental health situation in contemporary India is best expressed by the fact that the estimated overall prevalence rates of mental illness vary from 9.5/1000 to 102.5/1000.² It is further projected that nearly 3 crores of individuals suffer from mental illness every year and that 1.75 lakhs of new 'cases' of mental illness are added every year.³ There is also a significant degree of mortality from suicide: in 1993, 87,000 cases of suicide were recorded.⁴

The mental health services in India consist of specialised mental hospitals, psychiatric units in general and teaching hospitals, the National Mental Health Programme, private mental health clinics and nursing homes, voluntary sector services, and the traditional services.

The dismal condition of the specialised mental hospitals and psychiatric units in general and teaching hospitals,⁵ the amorphous nature of the traditional services and their inability to satisfy the needs of the masses,⁶ and the limited scope of the voluntary sector services and the private mental health clinics/nursing homes have led to a recognition, especially amongst some mental health and civil liberties professionals, of the need to have a more public health oriented mental health services approach.

*ICSSR Doctoral Fellow at Centre of Social Medicine and Community Health, Jawaharlal Nehru University, New Delhi.

Accordingly, and with sufficient impetus from the WHO's Alma Ata Declaration ('Health for All by 2000 A.D.') and the National Health Policy, an alternative in the form of the National Mental Health Programme for India (hereafter NMHP) was introduced in 1982 with the following objectives:-

1. 'To ensure availability of minimum mental health care for all in its foreseeable future, particularly to the most vulnerable and under-privileged sections of the population.
2. To encourage application of mental health knowledge in general health care and in social development.
3. To promote community participation in the mental health service development and to stimulate efforts towards self-help in the community.'⁷

In order to effect these objectives the NMHP has devised a particular structure (apparently with a special eye on the needs of the deprived masses) which seeks to incorporate the state mental health and general health services.⁸ The high-priority mental illness categories chosen for intervention are the psychoses, epilepsy and mental retardation.⁹

In order to achieve its laudable public health goals the NMHP established certain time-bound targets especially in relation to coverage in rural areas, viz., (i) training of professionals and personnel, (ii) ensuring regular chemotherapy and supply of psychotropic drugs, and (iii) organisation of co-ordinating national-level and State-level bodies.¹⁰

However, over and above the rhetoric, the results of the target-implementation after over a decade of operation are not flattering.¹¹ The central thread which surfaces from preliminary analysis of the evaluations of this public health approach done by the NMHP and other professionals and activists is that of unsatisfactory participation of the lay population in the efforts of the NMHP.

Participation in the NMHP

The problem of participation of the masses — both patients and their relatives, and the general populace—in the NMHP is acute. The rate of drop-out from the NMHP's treatment is high: amongst the registered patients, only 40 per cent to 50 per cent go regularly to the NMHP for follow-up treatment and counselling.¹²

Besides direct contact, the NMHP seeks to evoke the participation of the potential patients and the masses through mental health camps, formation of mental health committees/associations (incorporating politicians, bureaucrats, village leaders), orientation programmes for the media personnel, and use of the media itself for

mental health education, and orientation programmes for bureaucrats, politicians and social workers.¹³ Moreover, efforts may include special mental health education programmes for the village leaders and the application of pressure on them to facilitate the NMHP's work in the villages,¹⁴ and case-demonstrations (amongst the villagers of 'recovered' patients to prove the efficacy of the NMHP).¹⁵

However, the NMHP itself agrees—along with other concerned professionals and activists—that the people's participation in the NMHP is far from satisfactory. The reasons offered by the NMHP for such a performance are: (i) lack of psychotropic drugs, funds, political will and professional involvement,¹⁶ (ii) inadequate recording and reporting,¹⁷ (iii) unavailability of doctors at the PHCs, and financial problems of the patients,¹⁸ (iv) lack of patients' privacy, storage facilities, and the unclear presentation of the motives of the NMHP to the people by the NMHP's personnel,¹⁹ and (v) the ignorance and superstitious cultural beliefs of the people.²⁰

There is little doubt that these reasons are concrete problems for the NMHP. However, on their own they are inadequate to explain the problem of participation by the people. Besides being not specific to the NMHP—these reasons have often been repeated in the contexts of other community development programmes—these reasons are not organised into a coherent framework around what is the central motor of the NMHP, viz. hegemony.

The NMHP in India can be profitably seen as an attempt by the ruling class to establish its hegemony over other classes in a particular societal field, viz. mental health, with special reference to mental health services. This effort is part of the attempt continuously made by the ruling class in all societal sectors to 'translate its own world-view into a pervasive dominant ethos, guiding the patterns of daily life.'²¹ Partha Chatterjee says that

'It is Gramsci's conception of the state as "coercion plus hegemony" and of the struggle for power as "domination plus intellectual-moral leadership" which enabled the Indian critics to examine afresh the so-called "renaissance" in 19th century India in terms of the aspirations of a new class to assert its intellectual-moral leadership over a modernizing Indian nation and to stake its claim to power in opposition to its colonial masters. But the examination also demonstrated how, under the specific conditions of the economy and polity of a colonial country, this domination necessarily rests on extremely fragile foundations and the intellectual moral leadership of the dominant classes over the new nation remains fragmented.'²²

In the context of the Indian experience, therefore, this implies 'cultural hegemony', that is, a struggle not just to control the state but also to be in a position to determine the generic conditions under which

control of the state is to be granted.²³ Thus, when the NMHP is seen as a hegemonical venture by the ruling class in the field of mental health it becomes possible to raise certain key explanatory issues which are not expressed by the NMHP's account.

An Outline of 'Hegemony'

The conceptualisation of hegemony well suited to the modern world has been formulated by the Italian theorist-activist Antonio Gramsci. He became an outstanding contributor to Marxism by seeking to overcome orthodoxy with his two feet planted firmly in the reservoir of activism. It was his renewed focus on subjectivity which enabled him to provide the cutting edge to the Marxist concept of hegemony, thereby propelling the concept to a position of central importance in the tool-box of social explanation.

According to Gramsci,

... the supremacy of a social group manifests itself in two ways, as "domination" and as "intellectual and moral leadership". A social group dominates antagonistic groups, which it tends to "liquidate", or to subjugate perhaps even by armed force; it leads kindred and allied groups. A social group can, and indeed must, already exercise "leadership" before winning governmental power (this is indeed one of the principal conditions for the winning of such power); it subsequently becomes dominant when it exercises power, but even if it holds it firmly in its grasp, it must continue to "lead" as well.²⁴

Taking up the crucial distinction between 'political society' and 'civil society'²⁵ (between the politico-juridical apparatus of what can be narrowly called the state and the socio-cultural and consciousness apparatus²⁶ which can be said to exist relatively outside the operation of the narrowly-conceived political state—both as parts of the superstructure of the economy), Gramsci states that the domination of a class is complete not only when it dominates other classes in political society (which corresponds to using a significant degree of 'coercion'), but mainly when it dominates in civil society (which often acquires the features of 'consensual support' rather than evident coercion).

This domination by force and spirit, of the government and larger society (which is the state in the broadest sense) by a particular class, represents the hegemony of that class in a specific society.

The implicit assumption here is that the more a particular class dominates the masses through the socio-cultural and consciousness apparatus, the greater the element of consent in its rule (i.e. the greater the self-supporting force of its rule from the masses) and lesser the forceful domination through the politico-juridical apparatus (i.e. the lesser the element of coercion). This ideological hegemony

moreover, does not seem to be meant by Gramsci to denote only a forceful pedagogic achievement but also an argumentational achievement through which the masses are 'convinced' of the benefits of the dominant class's interests, justifications and regimes. In other words, hegemony is attained not only by making the socio-cultural apparatus the transmitter of the interests of the politico-juridical apparatus, but also by permitting within the socio-cultural apparatus a certain amount of debate and discussion (leading to a consensus) which impresses the people that they are making 'rational' choices.²⁷

It is necessary to remember though, that to the extent such a hegemonic rule is not complete, the efforts of political society and civil society intrude into each others' territories and reinforce their mutual efforts towards hegemony.

Gramsci however roots such a picturisation of the superstructure in an economic base. The link between the process of production and the hegemonic state is explained in terms of three types of hegemonic phases or 'moments'. The first moment is the 'economic-corporative' stage when members of the same category develop a certain unitary consciousness amongst themselves but not with other categories of the same class.²⁸

The second moment

is that in which consciousness is reached of the solidarity of interests among all the members of a social class—but still in the purely economic field. Already at this juncture the problem of the State is posed—but only in terms of winning politico-juridical equality with the ruling groups. . . .²⁹

The third moment is

that in which one becomes aware that one's own corporate interests, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interest of other subordinate groups too. This is the most purely political phase, and marks the decisive passage from the structure to the sphere of the complex superstructures . . . bringing about not only a unison of economic and political aims, but also intellectual and moral unity, posing all the questions around which the struggle ranges not on a corporate but on a 'universal' plane, and thus creating the hegemony of a fundamental social group over a series of subordinate groups.³⁰

This broadly political notion of hegemony is further developed in terms of a distinction between feudal and modern states.³¹ In feudal states, it is mainly the politico-juridical apparatus (the element of force or coercion), expressing the interests of a particular dominant class, which binds society in a specific way leading to a particular form of the state;—civil society is simple and in hegemonical terms

almost of no significance. On the other hand, in modern state it is the way the ideology, spirit and forces of the politico-juridical apparatus get dispersed, enforced and reinforced within the realm of the socio-cultural apparatus which gives the modern states their distinctive hegemonical forms.

How to explain, then, the specific features which give each society its distinctive characteristics? Gramsci formulates the concept of historical bloc which apparently represents the way in which a particular mode of production is dominant in a specific society and the way it articulates with other modes of production in such a society. A historical bloc rests on an 'organic system of social alliances held together by a common ideology and a common culture'.³²

But it is important to note that even within the dominated modes of production, there is a certain degree of counter-hegemonic effort, and to that extent therefore they represent the embryoes of possible alternative dominative historical blocs.³³

One such specific historical bloc is that of bourgeois capitalism, which in its transitory stage (as it was in Gramsci's Italy) is faced with the main oppositions to old feudalism, mass discontent, and the contradictions of capitalism itself. It is the hegemonic efforts directed by the bourgeoisie against these oppositions which generate a 'passive revolution'.³⁴

The bourgeoisie begins with a compromise with the feudal class consisting of the monarchy, landlords and the Church. The second effort is directed towards the formation of alliances with the sectors of leadership arising out of the mass discontent. These leaderships are however conceptually not equipped to represent the interests of the masses fully. Such 'partnerships' become possible mainly because of the disjointed nature of mass consciousness and leadership under the bourgeois condition.³⁵ This co-option of potential fundamental disruption now moves from the economic base (i.e. trade unions) to the political superstructure (i.e. parliamentary democracy in the loose form of coalition party politics).

The third move by the bourgeoisie is to address the contradictions of capitalism. One of the ways out taken by the bourgeoisie is the implementation of a pervasive technological rationality through innovative forms of mechanisation and bureaucracy.³⁶ This sort of subjection arrests critical thought and the subjective and intersubjective experiences of man. But it is nonetheless buttressed by material concessions.

But in contrast to the liberal framework which is symbolic of such a hegemony, the bourgeoisie can also hegemonise through the framework of fascism, wherein the restructuring of capitalism through technological rationality goes on but wherein the fragmented nature of the state means that the bourgeoisie has to engage in a specific form of

authoritarian centralism (which is further softened through 'national-popular' institutions).

One of the crucial forces within a hegemonic attempt is the social group of the intellectuals. Gramsci begins by reconceptualising intellectuals. Accordingly, workers and owners of capital could also be considered as intellectuals in addition to those traditionally considered thus.³⁷

This reconceptualisation enables Gramsci to group a wide range of people (e.g. technicians, managers, priests, teachers) in the category of intellectuals, and to examine their linkages with the process of production:

The intellectuals are the dominant group's "deputies" exercising the subaltern functions of social hegemony and political government. These comprise:

1. The "spontaneous" consent given by the great masses of the population to the general direction imposed on the social life by the dominant fundamental group; this consent is "historically" caused by the prestige (and consequent confidence) which the dominant group enjoys because of its position and function in the world of production.
2. The apparatus of state coercive power which "legally" enforces discipline on those groups who do not "consent" either actively or. This apparatus is, however, constituted passively for the whole of society in anticipation of moments of crisis of command and direction when spontaneous consent has failed.³⁸

These intellectuals can broadly be divided into 'organic' and 'traditional' intellectuals. Organic intellectuals are those who are created by a particular class which attains dominance in a specific society at a certain point of time and whose function is to ensure the prevalence of the dominant class's ideology and spirit in the economic, political and socio-cultural apparatuses. Yet, the organic intellectuals do not form a undimensional group but a group of individuals or sub-groups whose exact positions are fixed at 'distances' from the economic base, depending on the functions each of them have to perform. In other words, some sub-groups are more directly and evidently helpful to the dominant class (such a directness is found most easily in the economic apparatus) whilst others are helpful in a mediated way (such a mediation is most easily found in the socio-cultural apparatus), the latter often displaying a significant degree of autonomy from the dominant class.

The traditional intellectuals on the other hand are the intellectuals who are found by the present dominant class to have survived from a preceding historical period. Moreover, in so far the remnants of the

previous ruling classes exist now, the traditional intellectuals are functional. However, they can also be used in certain ways by the present dominant class.

It is through Gramsci's analysis of the role of the 'proletarian intellectual' that the process of hegemony is better understood. As seen before, the hegemony of the bourgeoisie is established by its ability to weld a 'federation' of the 'states of bourgeois consciousness'. It is not that under such a condition all individuals understand the bourgeois consciousness in all its complexity and purposes, but that they become a part of it when the effects of their actions reveal the incorporation of such a consciousness in the totality of their knowledges.³⁹ Such a hegemonised yet fragmented consciousness is not an abstract entity but consists of an ensemble of collective ideas, beliefs and myths and has different 'wills' (viz. reformist, democratic and communist) which seem to be most directly related to the different organised actions of society. It is such a consciousness which the proletarian intellectual must understand, fuse and elevate within the overall framework of communist goals. Spontaneous mass opposition is to be disciplined and channelled for greater effectivity against the resilience of capitalism. Gramsci offers further insight into the operation of bourgeois hegemony though his description of the revolutionary party (composed of the proletarian intellectuals) in contradistinction to the bourgeois party.

Such an englobing concept of hegemony is necessarily open to criticism, some which are worth mentioning. It has been argued that what is new in the concept is not the mere existence of the antitheses of coercion and consent or the analysis of their synthetic functioning (which are to be found in the thought of Karl Marx and Vladimir Lenin), but the fact that they are analysed discretely. Even this discrete analysis apparently does not lead to a clear decision as to the natures of coercion and consent; the problem of synthetically uniting what are taken as analytically separate remains.⁴⁰

Moreover, Gramsci's distinction between civil society and political society is not consistent. At times civil society is outside the state, at times inside it. Or, sometimes civil society is within the economy, sometimes between the economy and polity.⁴¹ Furthermore, the instrumentality of the realms of civil society in advanced capitalist countries may well have given way to a more anonymous centralised hegemonical power of the ruling class, a change which is typified by the overbearing role of the mass media which negates the need for intermediaries between the ruling class and the masses.⁴²

Gramscian theory is further haunted by the fact that the (logically untenable) emphasis on the correctness of the proletarian consciousness, intellectuals and party at the exclusion of all other consciousnesses and institutions reveals a certain elitism.⁴³ This untenability is further heightened by the suggestion that hegemony does not operate in terms of heterogenous relations of power which may or may not at times

reveal certain changeable nodal points of hegemonical power.⁴⁴ To complicate matters further, on the one hand it stresses the role of the proletarian intellectual who has to make the masses conscious or aware, whilst on the other it contends that all individuals act consciously.⁴⁵

Hegemony and the NMHP

Despite these limitations, Gramsci's understanding of hegemony does throw more light on the problem of participation in the NMHP. The central contribution is the realisation that the hegemonic domination of a group is more resilient when its ideology and material conditions of existence prevail over the socio-cultural, political and economic life of the masses. Such domination leads to a greater degree of consent of and participation by the masses in the projects of the ruling class. By the same token, efforts at soliciting the participation of the masses through limited and tunnelised efforts in any sphere of life are bound to be constrained in their effectivity.

Therefore, behind the mass of reasons offered by the NMHP it becomes necessary to find out as to what efforts the NMHP is undertaking in order to bring about changes in the other 'non-health' sectors of society, viz. economy, polity and culture, so that there is a concordance between the rationality of the NMHP's approach to mental illness and its treatment and care, and the rationalities operating within the other societal sectors. The NMHP is taking a number of measures in the mental health sector in order to develop, enlarge and universalise its rationality amongst the great mass of people who represent (to varying extents) different rationalities. This NMHP's rationality is part of the larger rationality (which is sought to be made operative in the economy, polity and culture) of the groups which are continuously seeking to seize the leadership and build a society after their image. Therefore, the efforts of the NMHP in the mental health sector are likely to be successful only to the extent it is able to contribute to the making of the larger rationality's universalisation successful. In other words, the NMHP could profit by striving—in its socio-geographical areas of operation—to make the rationality it represents both in the mental health sector and in the economy, polity and culture successful.

Hence, it is an analysis of the gaps between the NMHP's efforts in the mental health sector and its efforts in the other societal sectors which shall provide a picture of the key mechanisms, from which the reasons given by the NMHP mainly arise.

Gramsci's concept of hegemony encourages an understanding of the element of mediation or disjuncture between the economic base and the political and socio-cultural superstructure. This means that it does not become possible to trace specific phenomena in the base to specific

phenomena in the superstructure or vice versa. On the other hand, it then becomes possible to state how a certain situation in the base could lead to a certain range of situations in the superstructure.⁴⁶ It is this disjuncture which enables the intellectuals to be autonomous (in differing degrees), thus permitting a sensitive analysis of the class nature and role of the NMHP professionals.

Within the context of competing rationalities, it is the NMHP professionals who play the central role on 'behalf' of the NMHP. These professionals perform the role of intellectuals in the mental health field and they play a major part in the effort of the ruling groups to establish their domination over society. It is these groups which constitute the ruling class. Therefore, all intellectuals generally (except proletarian intellectuals of course) and the NMHP professionals specifically are part of a bourgeois class system which seeks to attain hegemonic conditions. It thus becomes necessary to find out how the NMHP professionals play their role in serving the interests of the ruling class, especially in terms of the three 'moments'.

The Gramscian understanding of intellectuals also show how the intellectuals are relatively autonomous of the ruling class and, at times, are in direct opposition to it. The NMHP professionals could sometimes be as much counterposed to the ruling class's ideology as to the 'commonsense tradition' of the masses. Hence, it becomes possible to see how and when the NMHP professionals—while serving the interests of the ruling class—also act autonomously.

This contradictory performance by the NMHP professionals can go some way in explaining, against the background of hegemonisation, how and why the NMHP professionals are often at loggerheads with the ruling class (e.g. bureaucratic, corporate and political interests) while at the same time being the bearers of a rationality which is a part of the larger rationality of the ruling class. In other words, this explanation is better off not taking, for instance, the effort made by the NMHP professionals to secure competitive funds or the effort made to overcome politico-bureaucratic sloth as polemical because the NMHP professionals are likely to be quite serious in overcoming these hurdles in order to see their programme succeed. At the same time, it is necessary to look out for the ways and the means whereby these professionals arrive at a rapprochement and unison of goals with the very groups of the ruling class with whom they rattle sabres.

CONCLUSION

When studied within the context of hegemony, a survey of the NMHP initially reveals two important markers which have the potential of contributing to a synthesis of the assortment of reasons given (for the low participation of the masses) by the NMHP and thereby provide a

preface to a more comprehensive conceptualisation of the problem of people's participation in the NMHP.

It is necessary to realise that the NMHP's programme is one of hegemonisation and that it is a part of the larger process of hegemonisation by the ruling class. In order for it to succeed, therefore, the NMHP has to chalk out a comprehensive programme of intervention in all the non-health societal sectors (evident in the socio-geographical areas wherein the NMHP is in operation) in addition to programme of intervention in the mental health sector itself. Hence, an important agenda for further research is to find out the gaps (and their dynamics) which exist in what the NMHP does for the mental health sector and what it does for the other sectors.

The second important explanatory marker is the more sensitive explication of the NMHP professionals' position and role in the overall hegemonising class map of the ruling class. It becomes necessary to find out how the NMHP professionals are both in concordance with as well as at odds with the ruling class.

The details emanating from these inquiries are likely to contribute to a conceptual framework which will identify and develop the root of the problem of people's participation in the NMHP, from which most of the given reasons arise.

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1. Robert Desjarlais et al *World Mental Health: Problems and Priorities in Low-Income Countries*, Oxford University Press, New York, 1995, pp. 34-35.
2. Prabhu G.G. and Ahalya Raghuram 'Mental Health in India' in Ministry of Welfare *Encyclopaedia of Social Work in India Vol. 2*. Government of India Press, New Delhi, p. 187.
3. Prabhu G.G. and Ahalya Raghuram, 1987, pp. 188-89.
4. Rajat Pandit, 'Suicide Rate May Hit 1 Lakh Mark by Century-End', *The Times of India* (01.08.1994) New Delhi.
5. Some of the mentally ill are fortunate enough to be covered by some of the social welfare programmes (especially those co-ordinated by the ministry of Social Welfare) in such areas as vocational training, employment, day-care centres and grants to voluntary services. However, most of these services relate to the mentally handicapped and juvenile delinquents. See P. Sankaran Kutty Menon 'Administrative Structure for Social Welfare' in Ministry of Welfare *Encyclopaedia of Social Work in India Vol. 1*, Government of India Press, New Delhi pp. 3-6.
6. In 1991, the total number of beds in mental hospitals was 21,147 [Central Bureau of Health Intelligence (hereafter CBHI) (1993) *Health Information of India*, 1992, Government of India Press, New Delhi, p. 133], whereas the total number of beds for the mentally ill in the general and teaching hospitals was 3,000 in 1989 [Directorate General of Health Services (hereafter DGHS) (1989) *NMHP: Progress Report 1982-88*, Government of India Press, New Delhi, p. 4]. These figures imply a terrible shortage of beds.
Despite an increase in the number of mental hospitals after 1947 till the 1960s, admissions today overtake discharges, chronic long-term patients aggravate the

shortage of beds, the averages stay of a patient is more than a year, and the deaths in mental hospitals are high. See table below:-

Year	No. of Mental Hospitals	Beds	Admissions	Discharged	Deaths
1951	30	10,148	5,837	5,831	471
1961	35	12,533	21,641	6,292	1,266
1971	38	18,507	32,064	31,975	1,113
1981	45	20,559	49,195	48,353	931
1986	45	20,674	54,759	53,169	922
1987	45	20,646	55,204	52,815	870
1988	45	20,646	49,893	51,547	1,131
1989	45	20,571	49,391	50,897	948
1990	45	20,571	49,952	49,362	876
1991	45	21,147	48,396	48,892	908

- Sources: (i) Shridhar Sharma (1990) 'Mental Hospitals: A Perspective' in Shridhar Sharma (1990) *Private Communication*, pp. 77-79
(ii) CBHI (1989) *Health Information of India, 1989*, Government of India Press, New Delhi, pp. 197.
(iii) CBHI (1991) *Health Information of India—1991*, New Delhi: Government of India, p. 155.
(iv) CBHI (1993) *Health Information of India 1992*. New Delhi: Government of India, p. 133.

Moreover, not all beds are always available for treatment, and the in-patient and out-patient facilities for children are minimal. Furthermore, most of the beds are available in the urban areas [Prabhu G.G. and Ahalya Raghuram, 1987, p. 193]. The modes of treatment vary from one mental/general hospital to another, but mostly they are available in the form of chemotherapy and electrotherapy. As far as the other modes (e.g. epilepsy centres, occupational therapy units, child guidance clinics, alcohol/drug de-toxification centres, and follow-up clinics) are concerned, their availability varies considerably across institutions. Moreover, they play second fiddle to the dominant forms of treatment [Shridhar Sharma, 1990, pp. 8-43].

Mental hospitals have both paying and non-paying wards. The overall expenditure figures paint a general picture of inadequacy and dis-balanced priorities. About 67 per cent of the total budget of the mental hospitals is spent on the salaries of the staff alone, if the Government hospital for Mental Care (Hyderabad) and Agra Mental Hospital (Agra) are taken as typical examples. Again, 2.3 per cent of the budget is spent on medicines, 0.07 per cent on investigations, 19.07 per cent on diet, 7.6 per cent on buildings, and 2.29 per cent on office contingency, if the Agra Mental Hospital is taken as an example. In addition, it may be noted that the average expenditure per patient per day varies from (approximately) Rs. 6 to Rs. 71 as the extreme poles, although for most hospitals the figure is between Rs. 20 and Rs. 30, expenditures which are not substantial at all [Devi Sharan Sharma (1988) *Health, Hospital and Community*. Aadhar, Agra, pp. 137-38].

In short, the conditions in mental hospitals are abysmal in terms of treatment, care, human rights, nutrition, accommodation, de-institutionalisation and community-orientation.

The psychiatricman power position is also problematic. Besides displaying a significant level of brain-drain to the West [G.M. Carstairs (1973) 'Psychiatric Professions in the Developing Countries', *Indian Journal of Psychiatry*, 15, pp. 153-54], there is a scenario of shortages;—there are only 2 psychiatrists per 10 lakh population, as against, say, 150 per 10 lakh population in the U.S. [Gobind Thukral 'Mental Illness Growing', *The Hindustan Times*, New Delhi, (04.01.1990). More importantly, there are strong and persistent doubts as to the duration, quality and relevance of the training and practices of the mental health manpower [See, for instance, Annie George 'The Helping Profession: Is It Really Helpful?', *Socialist Health Review*, 2(4), pp. 160-66, and Andath J., 'Is western Training Relevant to Indian Psychiatry?', *Indian Journal of Psychiatry*, 23(2), pp. 120-27.

7. The traditional services span the vast range from-homeopathy and ayurveda to magico-spiritualism and religion [Mitchell G. Weiss et al. 'Traditional Concepts of Mental Disorder among Indian Psychiatric Patients: Preliminary Report of Work in Progress', *Social Science and Medicine*, 23(4), 1986, pp. 379-86]. The way the use is made of the traditional services by the people is not clear. A one-to-one relationship between the conceptual schemes of the masses and the utilisation of specific traditional services cannot be drawn [Mitchell G. Weiss, 1986, pp. 383-85]. To add to this confusion is the use made by the people of the modern psychiatric services along with the traditional services without a clear sequence of predominance amongst the two types of services [R.L. Kapur 'The Role of Traditional Healers in Mental Health Care in Rural India', *Social Science and Medicine*, 13 B, 1979 pp. 29-31. Also see Mitchell G. Weiss, 1986, p. 383]. This picture of confusion indicates that the traditional services are not able to place a clear, systematic and firm alternative facility to the masses.
8. DGHS, *National Mental Health Programme for India (The Policy Statement)*, Government of India Press, New Delhi, p. 9.
9. DGHS, 1982, p. 7.
10. DGHS, 1982, pp. 13-14.
11. Among other non-achievements, only a few States have adopted a State-level specific plan for implementation of the NMHP [ICMR Centre for Advanced Research on Community Mental Health, NIMHANS (hereafter ICMR-CARMH) (1987) *Community Mental Health News*, 6 & 7, p. 2], the nature and duration of training is unsystematic, inadequate, short and unstandardized [NIMHANS, (1986) *A Decade of Rural Mental Health Centre—Sakalawara*, Bangalore, NIMHANS Press, p. 17. Also see ICMR-CARMH, 1987, pp. 1-16], many appointments are lying vacant, and the financial allocation ensured is paltry. Only Rs. 1 crore had been allocated to the NMHP under the Seventh Five-Year Plan [Ministry of Health and Family Welfare (1990) *Annual Report 1989-90*, Government of India Press, New Delhi, p. 49].
12. ICMR-CARMH (1988) *Community Mental Health News*, 11 & 12, p. 16.
13. Ibid.
14. ICMR-CARMH (1986) *Community Mental Health News*, 3 & 4, p. 12.
15. NIMHANS, 1986, p. 11.
16. ICMR-CARMH (1985) *Community Mental Health News*, 1, p. 5.
17. ICMR-CARMH, 1988, p. 14.
18. ICMR-CARMH, 1987, p. 10.
19. N.N. Wig et al. (1981) 'A Model for Rural Psychiatric Services: Raipur Rani Experiences', *Indian Journal of Psychiatry*, 23(4), pp. 287-88.
20. Suman Tyagi (1986) 'People's Opinions and Understanding About Mental Illness', Agra: Institute of Social Services, Agra University, Unpublished Ph.D. Thesis, pp. 455-88.

21. Joseph V. Femia 'Gramsci, Antonio (1981-1937)' in Adam Kuper and Jessica Kuper (eds), *The Social Science Encyclopaedia*, Routledge & Kegan Paul, London, 1985, p. 341.
22. Partha Chatterjee *Nationalist Thought and the Colonial World: A Derivative Discourse?* Oxford University Press, Delhi, p. 29.
23. Shashi Joshi and Bhagwan Joshi, *Struggle for Hegemony in India 1920-47—Culture, Community and Power*, Vol. III: 1941-47, Sage, New Delhi, 1944, p. 354.
24. Antonio Gramsci, *Selections from the Prison Notebooks*, Lawrence and Wishart, London, 1991 pp. 57-58.
25. For a clear elucidation of these concepts, see Anne S. Sassoon *Gramsci's Politics*, London: Ellis Horwood and Tavistock, London, 1987, pp. 83-100.
26. This is often called the 'ethico-political' apparatus [J. G. Merquior, *Western Marxism*, Paladin, London].
27. This concept of consent goes beyond the notion of hegemony as false ideology or false consciousness, and of hegemony as consent given by atomised individuals with rights and liberties [Christine Buci-Glukmann 'Hegemony and Consent: A Political Strategy' in Anne S. Sassoon (ed.) *Approaches to Gramsci*, Writers and Readers Publishing Co-Op., London, 1994, pp. 116-26].
28. Antonio Gramsci, p. 181.
29. Ibid.
30. Antonio Gramsci, 1991, pp. 181-82.
31. Anne S. Sassoon, 1987, pp. 113-14.
32. Luciano Pellicani, *Gramsci: An Alternative Communism?* Hoover Institution Press, Stanford, 1981, p. 32.
33. Carl Boggs, 'Gramsci and Eurocommunism' in Norman Fischer et al. (eds.) *Continuity and Change in Marxism*, Humanities, New Jersey, 1982, p. 201.
34. For an extended discussion on the nature of the passive revolution in Italy, especially with regard to the 'Southern Question', see John A. Davis (eds.) *Gramsci and Italy's Passive Revolution*, Croom Helm London, 1979.
35. This implies that in such a situation there is lack of universal intersubjective consensus [Thomas Nemeth, *Gramsci's Philosophy: A Critical Study*, Harvester, Sussex, 1980, p. 142].
36. Carl Boggs, *The Two Revolutions: Gramsci and the Dilemmas of Western Marxism*, South End, pp. Boston, 1984, 178-88.
37. Antonio Gramsci, 1991, p. 9.
38. Antonio Gramsci, 1991, p. 12.
39. Thomas Nemeth, 1980, pp. 113-14.
40. John Hoffman, *The Gramscian Challenge: Coercion and Consent in Marxist Political Theory*, Basil Blackwell, Oxford, 1984, pp. 51-75, and John Hoffman, 'The Problem of Coercion and Consent in Marx and Gramsci' in Mark Cowling and Lawrence Wild (eds.) *Approaches to Marx*, Open University Press, Milton Keynes, 1989, pp. 164-66.
41. Ibid.
42. Chris Harman, *Gramsci Versus Reformism*. Socialist Workers Party Publication, London, 1986, pp. 23-24.
43. John Hoffman, 1984, pp. 63-75.
44. See Ernesto Laclau and Chantal Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*, Verso, London, and Ernesto Laclau, *Politics and Ideology in Marxist Theory: Capitalism—Fascism—Populism*, Verso, London, pp. 141-42 (especially footnote 56).
45. Leszek Kolakowski, *Main Currents of Marxism: The Breakdown*, Vol. 3, Oxford University Press, New York, 1982, pp. 231-37.
46. Sudipta Kaviraj, 'On Political Explanation in Marxism' in Krishna Bharadwaj and Sudipta Kaviraj (eds.) *Perspectives on Capitalism: Marx, Keynes, Schumpeter and Weber*, Sage, New Delhi, 1989, pp. 132-74.

For a Balanced Approach on Gandhi and the National Movement

Irfan Habib's article on Gandhi and the National movement in the *Social Scientist* No. 263-265 is a valuable contribution to the discussion on Gandhi and his role in Indian history. It helps the process of correcting the 'leftist critique' of Gandhi which has appeared in the Communist Press. The author has done well to bring out the onesidedness of the writings of Communist authors including R.P.D. and myself. I agree with the author that this 'leftist' mistake should be corrected.

I am however afraid that this correction of the 'leftist' mistake has led Professor Habib to the rightist mistake, i.e. blindness to the negative contributions made by Gandhi to our national movement.

It will be instructive in this context to note that the emergence of Gandhi as a national leader and the coming into existence of India's Communist movement coincided with each other. The earliest writings of Communist writers including those who were abroad like M.N. Roy and those who were in India like Dange and Muzaffar Ahmed—point out the inseparable connection between India's freedom movement and the agrarian revolution. This meant that the securing of Indian independence is not a matter of negotiations between the British rulers and the upper crust of India's bourgeois-landlord classes. It is a question of industrial and agricultural workers, working peasants, the toiling middle classes and others who are moved by feelings of Indian patriotism joining together in a solid anti-imperialist united front.

It was therefore important that the young working class and its party should have a policy of united front with, and ideological political independence from the bourgeoisie. The effort of Indian communists should be to develop India's toiling millions headed by the working class, taking a lead in anti-imperialist and anti-feudal

*Polit Bureau Member, Communist Party of India (Marxist)

revolutionary struggles. It was for such a revolutionary line that the Communist International called to/only in India but in all the colonial semi-colonial and dependent countries.

Opposed to this was the Gandhian line of a negotiated settlement with the British rulers. To this end the technique of non-violent resistance was perfected by Gandhi. The sagacious leader of the militant mass movements of 1921, 1930-33 and 1942, Gandhi was also the sagacious leader of negotiations with British imperialism. that was how even the most militant and widespread mass upsurge—the Quit India movement of 1941—was turned by Gandhi as an opportunity to open negotiations with the British imperialists and, as part thereof, with Muslim League leader Jinnah. The prolonged negotiations led to the greatest triumph for Gandhian technique of struggle—the 1947 transfer of power from the British rulers to India's ruling classes. It also led to the highest tragedy of Gandhi's political life—the vivisection of India which he said as the vivisection so his own body, with all the other consequence. The uprooting and transfer of Hindus and Sikhs from Pakistan to India and the Muslims in the opposite direction. This broke the heart of Mahatma Gandhi. He lived for almost half an year since then. It was at this point that a Hindu fanatic shot him to death.

It goes to the credit of Gandhi that he saw the reality that his was not the freedom that he had worked for. He was disappointed not only by the tragedy of the communal killings and loot but also the moral collapse of those who had been his close colleagues for several decades. His philosophy and his political technique did not help him in this new situation.

This tragic aspect of Mahatma Gandhi's life, his failure at the very time when the country was hailing him as the Father of the Nation, is not part of the analysis made by Irfan Habib.

While therefore agreeing with him on all that he has brought out as the positive contributions of the Mahatma, I desire to point out to him, that, in the absence of a critique of the negative aspects it is one-sided.

Third World Underdevelopment And International Relations

Robert H. Jackson: *Quasi-States; Sovereignty, International Relations and the Third World*, Cambridge University Press, Cambridge, 1993, pp. 240, £ 12.95 paperback edition.

International Relations Studies (I.R.S.) have widened and deepened the scope of their inquiry as a consequence of the rapid growth in the number of sovereign units after the Second World War. Most of the newly born states of Afro-Asia which have become active participants in the international system have had twofold impact on the I.R.S. First, as sovereign states they are not merely members of several international organisations, agencies and forums but they have also been entertaining various kinds of ties such as military, economic, political, cultural and technological with other states. This has immensely magnified the vastness as also the complexities of I.R.S. Second, and as a corollary, in the midst of perennially growing complexities of the field it is becoming increasingly difficult to grasp the nature of I.R.S. More often, tools, categories of analysis, concepts and theories of any important explanatory exercise are either getting blunted or falling into disrepute due to their very obsolete basis.

Obviously, the twofold impact of the participation of newly born states in the international system is increasingly making the problem of cognition of I.R.S. more and more acute. The resolution of this problem is feasible if old concepts and theories are refashioned or new concepts and theories are innovated to bind the vastness and the complexities of the field in the pursuit of making it more comprehensible. Robert Jackson's present study can be treated as a response to this challenge¹ Owing to its incontestable significance to the field of I.R.S., this review article proposes to place Jackson's work in a perspective. Such an exercise will have three important components. First, it will situate this book amid the existing body of

*Department of Political Science, University of Hyderabad, Hyderabad

literature and highlight its uniqueness. Then, it will briefly explain certain key terms used in the book and make a brief comment on the liberal democratic perspective of Jackson. His perspective on history has provided a framework to operationalise the key terms which recurrently surface in this study. Second, it will spell out some of the central arguments in this study. It will also take note of the author's effort to relate these arguments to some of the dominant schools of thought in social scientific research. Finally, it will offer a few critical reflections on the book as a whole.

LOCATING THE STUDY IN A PERSPECTIVE

Situating and theorizing the changing predicament of the post colonial states in Afro-Asia in contemporary international relations is, by any stretch of imagination, a difficult task. So far, two contending schools of thought have attempted to provide some durable insights into the existential transitions in the post colonial states and societies. The first one has been represented by the 'modernisation' theorists of the behavioural school. The term modernisation, through their writings, can be understood as a specific process of historical transition as well as certain developmental policy. The modernisation theorists, by and large, endeavored to monitor and interpret the progress of traditional (non-western) societies towards modernisation. They also underlined the significance of social and cultural processes and their influence on the state while analyzing intra and inter-state politics of traditional societies. A host of behavioural studies which sustained modernisation theories dominated the realm of social theory during the sixties.

The second school of thought has been represented by the dependency theorists of neo-Marxist persuasion. This school has been primarily concerned with the phenomenon of underdevelopment that has characterised non-western societies. While analysing some of the complex dimensions of underdevelopment the dependency theorists have continuously reflected on certain significant areas like the history of the development of capitalism and its interconnections with the growth of imperialism, the nature of class formation and the role of state in the Third World. As far as the development debates are concerned, the dependency perspective was in the forefront of social theory since it stunningly brought home some of the discomfiting realities about the political economy of underdevelopment. The modernisation theorists and the dependency theorists in their efforts to construct inter-disciplinary modes of approaching realities established viable links between political science and sociology and political science and economics respectively. Both these approaches almost achieved the status of a paradigm.²

Having underscored the relevance of the two most dominant schools in the context of developing states and societies of Afro-Asia, it might

be easier to locate and spell out the uniqueness of the book under review. First, it signifies a trend away from the dominant paradigms of inquiry as represented by the behavioral or neo-Marxist schools. Under these two paradigms a large number of studies had proliferated to a point where some of the formulations of both the schools had started appearing like hackneyed stereotypes. Thus, the stereotypes were being dichotomised as tradition vs. modernity in case of modernisation theories and metropolis vs. satellite imagery in case of dependency theories. Indeed, mechanical applications of schematic formulations can certainly make any research dull and stale. Moreover, the technical vocabulary that such studies generate can confine their readership to a select few who have been obsessed with the intricate details of a particular paradigm. Jackson's effort in this study is refreshing because it has consciously distanced itself from the well-known stereotypes.

Second, the trend that Jackson is setting also needs to be appraised rather imaginatively. For this book is a splendid effort to revive the obscured identity of political science as a discipline. To a large extent, due to invasion from other disciplines such as sociology, economics and philosophy into the boundaries of 'political' and the consequent emphasis on promotion of inter disciplinary studies to get an appreciable grip over the nature of social realities, political science was being robbed of its autonomy. Jackson's travail has revived and perhaps brought back to life most of the central concerns of political science. To put it simply, political science is built around the study of state and its most essential attributes like sovereignty. Sovereignty, in its turn, is exercised through the agency of government over population that inhabits well-defined territorial limits. The present study has brought the state and a few internal as well as external aspects of its functioning to the centrestage of debate.

Third, the book has focussed its attention on the Third World in contemporary international relations and to analyze the changing role of the Third World it has innovated a new category of 'quasi-states'. Basically Jackson has tried to stress the capacity of the Third World to bring about a change in the normative environment that governs international relations. With the change in the normative environment notions of international law also manifest change. By concentrating on the interconnections between internal and external aspects of the functioning of 'state', Jackson's study unfolds the intertwined relationship between political theory and international relations.

In order to understand Jackson's effort to analyse the role of Third World states it may be essential to refer to some of the concepts that he has deployed in this study. Jackson has termed post colonial states as quasi-states. The term quasi-state encapsulates the essence of post colonial states that are primarily judicial. After attaining juridical

statehood these states have been internationally enfranchised and they possess external rights and responsibilities as all other sovereign states. However, the concrete benefits of sovereign statehood in such states are confined to a narrow elite whereas the overwhelming majority of the citizenry is denied the benefits that accrued from sovereign statehood. Political independence has either scarcely improved the plight of masses or adversely affected their prospects of better living conditions. Under the circumstances launching overall development to build a viable state has been the central goal of quasi-states.

Negative sovereignty is the second term deployed in this study. It means freedom from outside interference. It acts as a formal legal condition in the interactions between quasi-states and other states. Positive sovereignty, in contrast, presupposes capabilities which enable governments to be their own masters. Positive sovereignty is a substantive and not a formal condition. It governs the interactions of the developed state and other states. Thus, in addition to enjoying rights of non-intervention and other international immunities, a positively sovereign state possesses the wherewithal to provide political goods to its citizens. A positively sovereign state can participate effectively in international arrangements such as defence alliances or reciprocal trade and commercial arrangements. In a word, the quasi-states with negative sovereignty have been eclipsed by underdevelopment whereas positive sovereignty is associated with developed states. That is why, the quasi states have been all along grappling to achieve positive sovereignty. For independence has certainly been necessary but not sufficient condition to enable ex-colonial states to become their own masters. Jackson's study can be understood in a proper perspective if the terms like quasi-states and negative and positive sovereignty, with their nuances, are constantly kept in mind. In fact, Jackson has presented operational implications of these terms in his own historical perspective.

Jackson has viewed history through a liberal democratic prism. To place his perspective within a spectrum of other perspectives is plausible with an explanatory note on other perspectives. For instance, Jackson's interpretation is located between the conservative and the radical perspectives on the destinies of the erstwhile colonies and the contemporary Third World states. The conservatives, thanks to their association with imperialism, were reticent to conceive of self-determination of the colonies. However, the factors such as the Bolshevik Revolution in Russia in 1917, the fall of Austro-Hungarian and Ottoman empires (1919) and President Wilson's advocacy of self-determination after the First World War began to put the champions of colonialism on the defensive. The establishment of the mandated territories after the Versailles Treaty of 1919 was a case in point. The mandate certainly symbolised patronising or even paternal desires of

the imperialist powers as they pretended to guide mandated territories towards eventual independence. The point is conservatives had amended their position on colonies by accepting the possibility of their eventual independence.

The changing stances of the conservatives could be perceived clearly with a reference to pressures generated by radicals throughout the history of this century. A few examples concerning the manner in which radicals brought such pressures can drive home a point. The radicals in contrast to the conservatives, aimed at uprooting imperialism and colonialism. Evidently, praxiological pressures generated by radicals to oppose imperialism and colonialism throughout Afro-Asia led towards political independence of a host of countries from India and Indonesia in Asia to Algeria, Angola, Mozambique and Guinea Bissau in Africa. The radicals opted to exert their pressures on the conservatives by exploiting local, regional and international alliances to their advantage. Thus diverse movements, powers and forums such as anti-imperialist mass movements located in a given country, powers like the 'ex' Soviet Union, China and India and forums like the United Nations (UN) or the Non-Aligned Movement (NAM) have had to be activated to oppose imperialism in all its forms.

While placing Jackson's study in the midst of the conservative and the radical perspectives it can be argued that Jackson offers none of these perspectives. In fact, this study is located somewhere between the ongoing dialectical tussles between the conservative and the radical perspectives. It is an interesting exercise to register the gains of the Third World amid continued praxiological battles between the conservative and the radical forces. Jackson has, indeed, relentlessly put across the gains of marginalised entities such as quasi-states within his historical perspective. His substantive arguments can be placed in the following manner.

INTERNATIONAL CONSTITUTIONAL CHANGE

Jackson begins by emphasising the fact that contemporary international relations have entered an era of international constitutional change where the right of self determination has been universally recognised by international law. The ongoing process of international constitutional change implied transference of sovereignty from states to quasi-states. As a result colonialism of European states and its by-products including colonies, mandated territories, protectorates and dependencies have been replaced by formally independent quasi-states. Since a vast majority of the Third World states has gained formal independence the political and legal factors that governed international relations have been qualitatively transformed. Such qualitative change needs to be highlighted with

the help of historical evidences that have blessed terms like 'state' and 'sovereignty' with fresh nuances.

Prior to this momentous change, states were empirical realities before they become legal personalities. Hence sovereignty which signified supreme power within a particular unit necessarily came from within and it was not difficult to locate it. Generally rulers of substantive political systems with domestic authority and power made their regimes internationally credible through empirical statehood. Positive sovereignty and empirical statehood allowed them to be effective. And the inter-state relations became operative after the recognition of a given sovereign unit. Of course, there have been instances when positive sovereignty of certain newly born sovereign regimes was not recognised for a while. The erstwhile Soviet Union and the Peoples' Republic of China found it hard to get recognition for their communist regimes in this century. Despite the lack of recognition, being empirical states they were able to exist and exercise their positive sovereignty.

In contrast to empirical states, a number of states in sub-Saharan Africa, regardless of their empirical viability as states, exist today on account of their universal right of independence. The right to self-determination itself has been accepted by the UN charter. But the way it has been earned has built-in paradoxes. For example, in sub-Saharan Africa the departing colonial powers left independent states whose boundaries were drawn by the imperialist powers in the nineteenth century. Paradoxically the charter of the Organisation of African Unity (OAU) has been wedded to the principle of inviolability of frontiers which, in substance, legitimizes frontiers drawn by colonial powers. In general, the challenge posed by movements towards self-determination of ethno-nationalities is increasingly becoming insurmountable for the Third World states. Indeed, certain ethnic groups like Baluchis, Biafrans, Eritreans, Tigreans, Ewes Gandans, Karens, Katchins, Kurds, Moros, Pathans, Sikhs and Tamils have posed problems to their respective states.³ If the ex-colonial countries do away with colonial jurisdictions and acceded to the demands of indigenous ethno-nationalist groups, the present Third World states would as well crumble into far smaller particularisms. Jackson has also made a perceptive observation on the role of Palestinians. According to him they are among the very few dispossessed nationalities that have achieved an anomalous quasi-sovereignty in the current international regime because Israel which presently controls their homeland is itself of uncertain legitimacy—internationally.

TRANSITION TOWARDS POSITIVE SOVEREIGNTY

Having discussed the challenges, like the growth of ethno-nationalities, to the existence of the quasi-states, Jackson has chosen to bring home the significance of a new normative framework within which the quasi-states have been functioning. It is his contention that if quasi-states aspire to transform their negative sovereignty into positive sovereignty then the post Second World War period has provided a favourable normative climate to attain this objective. For instance providing development assistance to quasi-states has become an acceptable norm. The Northern countries are themselves sensitive to the glaring economic inequalities between the North and the South. In the pursuit of accommodating the quasi-states within the world economy the rules and norms that governed international economic ties had to undergo suitable changes. In the process, international transfer of finance, technology and foreign aid, in its diverse forms, began to play a significant role in North South relations. Several UN bodies, International Monetary Fund (IMF), the World Bank and a number of regional organisations had to be activated to generate development assistance for the Third World.

To put it tersely, sovereignty gave the Third World states global institutional standing, influence and support. After the sixties a large number of Afro-Asian and Latin American states as well as states like Yugoslavia began to express their support for a new agenda that could incorporate their novel global economic demands. By the seventies the group of 77 emerged and by 1989 its membership shot up to 128. As this group began to collectively express the requirements of the underdeveloped world the idea of a New International Economic Order (NIEO) gathered strength and momentum. In an atmosphere surcharged with the support for NIEO it almost became obligatory for the developed states to offer aid to quasi-states. The latter states often earned preferential treatment in their economic interactions with the former states as a compensation for their disadvantaged position in the world economy. Furthermore, the Third World states resorted to international law as a means to pursue socio-economic development and secure justice. Also, international development law tried to restrain the principle of reciprocity by giving due recognition to the extension of preferential treatment for a select category of underdeveloped countries.

Jackson has also dealt with the debt crisis that has continuously afflicted the economies of various Third World states. Whenever the debts became unmanageable the quasi-states turned to IMF and World Bank for assistance. The IMF, in its turn, has its own mechanisms of examining the credit worthiness of such states. Acceptance of the IMF loan has forced these states to meet the conditionalities of IMF loans. In addition to recommending certain macro-economic reforms, the IMF

is keen to promote politically stable and democratic regimes that protect human rights in quasi-states. Such conditionalities, in the context of the Third World, are certainly hard to implement.

Within the third world, African states have been worst hit by debt crisis. Through the OAU, the African states plan to reschedule external debt for fifty years, without interest, and demand for sharply increased financial assistance from developed countries. In Jackson's perception this collectivist strategy obviously rejects the traditional individualist equation between sovereignty and responsibility. It also attributes the causes of debt crisis to international system as a whole. Since the debt crisis is the problem of the entire system according to the collectivist 'theory', it can be solved by international affirmative action. This also signifies an aspiration of African states to earn negative sovereignty and earn citizenship of international society with temporary dependency. For, political independence and economic well-being no longer go hand-in-hand in the international society.

PROBLEMATIQUE OF PROTECTING HUMAN RIGHTS

Like the debt crisis, the question of human rights in the Third World states has preoccupied scholars and politicians alike. Both tend to get intrigued by the paradoxical existential predicament of several Third World regimes that firmly support international civility but promote domestic incivility. Reports of international humanitarian organisations are often full of incidents of arbitrary detention, beatings, political killings, torture, terror, political prisoners, flow of refugees, death squads etc. Of course, Jackson concedes that the paradox of state in which governments are a source of threat rather than security is a general phenomenon and not confined to the Third World. Twentieth century has witnessed the advent of governments which mastered technology but not rule of law. Thus, the ruling elites have treated sovereignty as a license to exploit people in practically all parts of the world.

In the ultimate analysis only rule of law can restrain a state from deploying force arbitrarily. In the present times every regime pretends to follow the rule of law. However, the notion of rule of law can also be manipulated to suit the interests of the establishment. For instance, a number of post colonial governments have enlarged the legal category of political crimes and thereby detained scores of people for political offenses. Jackson has briefly touched upon praetorianisation of the Third World regimes with an observation that the fire power of most post-colonial states is greater than that of colonial predecessors.

Among the Third World states multi-ethnic states are characterised by violation of human rights. After referring to the violence in multi-ethnic states such as India, Pakistan, Srilanka, Philippines, Zaire, Burundi, Rwanda, Uganda, Ethiopia, Sudan, Nigeria, Sierra Leone etc.

Jackson asserts that minorities in such countries are neither constitutionally protected nor politically accommodated.

Jackson has wound up his understanding of human rights and the Third World with a few sharp and ironical comments. In his view decolonisation was clearly an extension of self-determination and sovereign rights to numerous governments which previously had not been independent. But it did not necessarily subsume an extension of human rights to the population under their jurisdictions. Hence the irony of the reality is that it is the colonial state under new indigenous management which is the embodiment of self-determination in the Third World.

In the light of our elaborate statement on Jackson's significant arguments, we can proceed to discuss one crucial exercise in this study. In this exercise, Jackson has attempted to review the predicament of quasi-states with a reference to classical paradigms of international thought.

QUASI-STATES AND PARADIGMS OF INTERNATIONAL THOUGHT

In the process of relating quasi-states to classical paradigms, Jackson has placed the entire body of thought, in a slightly, oversimplified manner. Perhaps, this is being done for analytical convenience. Accordingly, there are three significant categories of thought represented by diverse schools. These are realism, rationalism and revolutionism. All these entail contrasting ideas about national self-interest and prudent statecraft.

The realist paradigm has been primarily associated with Machiavellism which gives no credence to international law or morality. From Machiavelli in the sixteenth century to Hans Morganthau during this century there has been an unbroken chain of realist thinkers. Jackson has made certain perceptive observations on the behaviour of quasi-states by putting the Hobbesian tenets of political realism in reverse gear. He has remarked that the quasi-states turn Hobbes inside out. For in such a state the state of nature is domestic and civil society is international. By and large, the quasi-states are tolerated by real powers only because nothing vital is at stake. Whenever vital interests of major powers are at stake they have interfered with the independence of quasi-states, e.g. US interference in Nicaragua, Grenada and Panama, USSR's intervention in Afghanistan etc. Having highlighted the vulnerabilities of quasi-states to major powers, Jackson also drives home a point that realism underestimates the political significance of marginal states in international relations. Because it essentially disregards the elaborate democratic edifice of international law, organisation and aid-fashioned explicitly for such states. While contradicting

Morganthau's celebrated thesis on realism, Jackson asserts that quasi-states are evidence not of traditional realism but of a novel kind of international idealism which has flourished in the last third of the twentieth century.

Unlike the realists, the rationalists have always entertained an utopia of establishing the rule of law in international society. Right from Hugo Grotius during the seventeenth century till the present times the rationalists have promoted an idea that sovereign states are free to pursue their national interests but they are still subject to the international rule of law. Evidently, requirements of civility have to override considerations of expediency if they come into conflict. And quasi-states depend on civility because their survival fundamentally depends on non-intervention. Thus, their good conduct internationally may as well spring from necessity than virtue indicating only appearance of civility.

Revolutionalism is the third major paradigm in international thought. The Revolutionists reject the existing sovereignty system with a conviction that it is an obstacle to the ultimate values of mankind. Revolutionist image is associated with philosophers like Kant and Marx⁴.

Kant conceived sovereignty as a barrier in the path of enlightenment. By transcending the divide that sovereignty imposed Kant chose to think for the community of mankind. In this century one of the obvious examples of neo-Kantian revolutionism is the world order perspective best exemplified by the thought of Richard Falk. In substance, Falk has tried to unveil an incipient movement away from the state-centric Westphalian paradigm which has dominated the interactions between peoples during the last three and a half centuries. While drawing attention to certain global problems such as threat of nuclear destruction, poverty, underemployment, environmental degradation, and population explosion, Falk has also underlined the limitations of resolving such problems within the framework of sovereign state system. Falk foresees a new world order, involving central guidance and non-territorial actors, in which the statist level of international society will weaken as the global and local levels strengthen. However, Jackson rightly cautions his readers by observing that the quasi-states are creatures and indeed protectorates of the contemporary state system. If that system is transcended in the manner prophesised by Falk, the ruling elite in quasi-states will suffer decline in status, privilege and wealth. Thus, if the new world order promotes human rights (globally) and subnationalism (locally) the leaders of quasi-states might as well oppose such moves.

Jackson has also briefly touched upon the neo-Marxist perspectives which have dealt with North-South relations with the aid of powerful imagery crystallised in core-periphery ties. Basically, such perspectives have handled the area of neo-colonialism. To put it in

Jackson's perspective, negative sovereignty is only another name for neo-colonialism. Furthermore, any enquiry into the North-South relations can offer an evidence of prevailing social injustice in the world order. Jackson has tried to reflect upon quasi-states and commutative as well as distributive justice. Since there is no central authority to executive notions of justice within international community, the entire realm of social justice appears fluid in the context of the world order. In view of this fluidity Jackson has also been able to offer a few tentative insights which might not warrant any mention.

Keeping the essential arguments of Jackson's study in the background we can proceed to make a critical appraisal of this study.

CRITICAL APPRAISAL

Jackson's study needs to be treated as a landmark in the literature of the Third World states. Its distinctness lies in the fact that there has been a consistent effort on the part of the author to present a systematic study in political theory of international relations. Within a liberal democratic perspective, Jackson's work has sensitized the readers to changing normative environment in international relations. In the process, it has clearly brought home the relevance of states, quasi-states, and sovereignty. In fact, it has, quite effectively, applied some of these traditional concepts to the changing context of international relations. However, this study has its own set of limitations which can be discussed as follows.

First, in this study, the distinction between quasi-states and states is primarily based on economic criterion. Thus, there is an underlying assumption that citizens in the developed states are better off and more emancipated than those living in quasi-states. Even if this assumption is largely true it needs to be accepted with some qualifications. For instance, Afro-Americans in the US or Asians in Britain are marginalised and still far from being emancipated. It also must be noted that the developed industrialised states leave room for greater magnitude of inequalities between citizens in terms of power and wealth. Moreover, the human rights record of technologically advanced states, in Jackson's own admission, is not always necessarily praiseworthy. After all, technologically and scientifically advanced Germany witnessed the advent and the decline of Hitler. And Hitler treated the notion of human rights and consequently the citizens under his regime with incredible contempt. So, Jackson's distinction between states and quasi-states has to be taken in a relative sense and accepted with qualifications.

Second, this study ought to have spelt out the differences among the Third World states. The present day Third World is composed of a wide variety of states. Middle range powers like India, China and

Brazil, newly industrialised countries like South Korea, Taiwan and Indonesia, oil rich gulf states and a host of poor countries constitute the Third World. Under these circumstances, an exercise in differentiating between the various Third World states could have been useful. By evolving a mechanism to categorise the Third World states this study could have given more weight to its generalisations. Certain indicators like timing of independence, levels of infrastructural, scientific and technological development, location, size, strength of armed forces, and quality of leadership could have been utilized to categorise the Third World states. Such categorisation could have been handy in explaining the diverse roles that different Third World states play within the international system. For instance, the most significant similarity among practically all the Third World states is their urge to get assistance from the developed world. And at the same time, there are relatively developed states in the Third World which are capable of playing a hegemonic role in their respective regions e.g., India, Indonesia, Iran, South Africa. Thus nuances of dependence and dominance are fused when such states exercise their sovereignty.

In a word, an aid-receiving quasi-state is also capable of controlling its adjoining regions because it is relatively more developed. While binding the Third World states round the lowest common denominator the book seems to have lost the sight of complexities that stem from specific conditions in which quasi-states operate their sovereignty.

Third, Jackson's epistemic construct can be well located within the paradigms of social science research that have evolved in the protracted debates among western social scientists. Naturally, Jackson has preconceived notions about the entities like state, nation, sovereignty, rule of law, and international law which have emerged and evolved within the context of the western societies. Moreover, transition of the western societies from feudalism to capitalism and the consequent emergence of nation states endowed qualitatively different nuances and meanings to the terms like law, sovereignty or state. When Jackson tries to build his understanding of the post colonial societies of the Third World, he has implicitly deployed the yardsticks from his understanding of the western experience. Thus, in view of the standards that he has set, the transitional societies of the Third World fall short of establishing state, law and order or sovereign regimes in the manner in which modernised societies of the West could establish them.

Perhaps, Jackson is not sufficiently sensitive towards the indigenous modes of organising societies in the Third World. For, it is really difficult to explore and spell out the complex interlinkages between tribes and races, castes and classes, ethnonationalities and religions. In the context of several Third World societies, tribes, castes, races, classes, religions and ethnic groups have interpenetrated each other over a historical span of a few centuries. And tangled ties between such

diverse entities tend to exert cumulative pressures on post-colonial states while any policy is in the process of becoming. Even if it is difficult to get a grasp of the complex social realities of the Third World societies, Jackson could have been more sensitive to their existence.

Furthermore, most of the post colonial states are in the process of questioning the West. In this context, certain noteworthy developments in the Third World societies such as the rise of religious and ethnic fundamentalisms could as well be construed as a substantive challenge to the West. Thus, by reviving religious and ethnic identities and articulating them or by modifying the territorial frontiers drawn by the colonial powers the erstwhile colonies are constantly challenging the West in terms of organising states and societies. At a more fundamental level, the western modes of constructing knowledge are also being seriously interrogated through diverse kinds of fundamentalisms.

To put it simply, the social scientific paradigms which have basically emerged and evolved within the context of western societies are ill-equipped to explain some of the infinite complexities which have characterised the oriental societies. Conversely, it also can be argued that social scientists working on different parts of the Third World have not evolved culture specific and hence indigenised modes of political and social theorising to offer a viable alternative to the paradigms that grew in the context of western social theory.⁵ If there is no alternative paradigm, the Orient would automatically look at itself through western glasses.

Fourth, Jackson's constant emphasis on sovereignty, state and inter-state system certainly underlines the gains of the Third World states within the international system. But it conveniently overlooks several glaring realities that have shaped the asymmetrical relationship of interdependence between the First World and the Third World. Jackson ought to have taken due cognizance of Marxian as well as neo-Marxist critique of imperialism and neo-colonialism.⁶ In fact, the US led imperialism has permitted the US and its West European allies to enjoy an enviable grip over certain vital areas of inter-state activities such as commerce, trade, finance, military equipment, technology and knowledge constructing apparatuses. By now, there has already been abundant literature describing unequal ties between the First World states and the Third World states. The former states have interfered in the domestic affairs of the latter states through international financial agencies, military interventions, and transnational firms and banks. The commanding position of the First World vis-a-vis the Third World in the world economy is all too obvious. Admittedly, in the process of unravelling the nature of First World-Third World ties, some of the scholars with Marxist perspectives tend to offer schematic formulae that portray such ties in a slightly grotesque fashion. But

such grotesque portrayals need not undermine the intrinsic explanatory potentials of some of the Marxian concepts, tools and categories of analysis. For instance, the choice of the Third World states to stay within the world capitalist economy could be plausibly explained more satisfactorily if intra-class and inter-class collaboration within a state or inter-class (classes) alliances across the state are examined with a critical mind. Indeed, Jackson's constant emphasis on state or inter-state system does not unveil the role of classes which, in effect, activates states by striking alliances within and across states. Furthermore, Jackson's analysis does not reflect on capitalism as a system that has provided sanctuary for the process of class and state formations as also burgeoning alliances among the diverse classes within and across state boundaries. It is also worth mentioning that the category of social class in the process of its formation/deformation is mediated by several social groups like tribes, ethnic groups or castes that are prevalent in the Third World societies. By taking due note of this reality a Marxist method of analysis can be creatively pursued to shed light on the essence of First World-Third World ties. However, by dealing with only formal and legal categories like state or sovereignty Jackson's takes a look at the outward appearance of the First World-Third World ties without analyzing their content. This stance has almost prompted him to take a brief for the western states. For instance, in his perception, receiving aid has become the right of the Third World states but the aid receiving states are not accountable to the aid giving countries regarding the way in which such aid was spent. Furthermore, Jackson has conceived the efforts of developed states to ameliorate the economic conditions of the Third World states as international affirmative action. In his analysis the developed states of the west somehow emerge as benevolent participants in the international system whereas the developing states appear almost like the undeserving beneficiaries of the system. In view of the unequal relationships, built over a span of the past three centuries between the First World and the Third World minor concessions the latter states receive through their participation in the international system are not all that significant.

Lastly, Jackson's patronising tone and cleverly hidden bias towards the western states peeps through when he asserts that white governments are, generally, subjected to higher standards and expectation of domestic conduct. Furthermore, Jackson has gone as far as to compare human rights situation between Sri Lanka and South Africa, under apartheid regimes (p. 161). His assertion on the standards for white governments is debatable but his comparison between Sri Lanka and South Africa is invidious. Admittedly, both these states have had a fairly dismal record as far as human rights are concerned and the constitutional legal structures in Sri Lanka and South Africa have been qualitatively different. In Sri Lanka, the

violation of human rights took place primarily due to the outburst of secessionist movement backed by the minority ethnic group of Tamilians. In independent Sri Lanka, the Sri Lankan Tamilians not just enjoyed civil and political rights but they also participated in electoral processes to advance their interests. In fact, the successive Sri Lankan regimes were constrained to crack down on militant organisations with terrorist overtones like the Liberation Tigers of Tamil Eelam (LTTE) in the hope of preventing the disintegration of Sri Lanka.⁷ Unlike Sri Lanka, the apartheid regimes under South Africa gave constitutional legal sanctity to racial inequalities. Even if the blacks wanted to be a part of the Republic of South Africa they were disenfranchised and treated as non 'South Africans' through constitutional legal structures. The successive racial dictatorships in South Africa violated human rights by championing racial inequalities and by forcing black Africans to reside into bantustans. Indeed, human rights violation under apartheid South Africa has no parallel in this century! For the black population which constitutes a majority there is subjected to dehumanized existence. Since the blacks are treated as less than human beings, Jackson's statement on human rights in South Africa, perhaps, is only applicable to other races in South Africa! Otherwise how does one explain a serious scholar of Jackson's calibre to commit unpardonable mistake of putting Sri Lanka and South Africa in the same category?

At the end, it would certainly be worth mentioning that the limitations of Jackson's study, in no way, undermine the substantive merits as well as potentials of this study. This exercise in showing limitations is intended to promote an intensive debate in the areas wherever flaws can be perceived in the manner of building arguments. Hence, irrespective of such flaws the book is a valuable landmark in the literature on the Third World states.

NOTES AND REFERENCES

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1. Robert H. Jackson, *Quasi-states: Sovereignty, International Relations and the Third World*, Cambridge University Press, Cambridge, 1993.
2. They can be called paradigms in a broad sense because both these schools have spelt out the object of their study and devised modes of understanding the object of their study.
3. By now the Eritreans have already achieved formal political independence.
4. Kantian philosophy during the eighteenth century attempted to break away from the boundaries of nation states in an idealist vein. Whereas Marx during the nineteenth century provided a concrete alternative to transcend state

Intellectual Imbroglío and the Great Divide

Mushirul Hasan (ed.), *India's Partition: process, strategy and mobilisation*, Oxford University Press, Delhi, 1993, pp. 426, Rs. 390.00

The 1947 partition of the subcontinent of India into two sovereign states, India and Pakistan is a landmark event in the history of nationhood. Not only was the partition the culmination of a series of anti-British struggles at different levels, the phenomenon itself also demonstrates the extent to which the well-publicised concept of national unity in the British India was fragile in view of the well-entrenched Hindu-Muslim schism. Although the 1940 Lahore resolution provided the basis for the Great Divide by articulating the two nation theory, India's partition is the outcome of a complex process involving the alien state, the nationalist political initiative and the fast changing socio-economic fabric. Moreover, the partition, attributed to the articulation of the Muslim League's Pakistan demand had probably its firm root in the age-old communal disharmony, natural or created, which flared-up in riots and similar types of skirmishes in the pre-1947 India. An explanation taking into account the probable factors influencing the process of partition requires a thorough study of both the imperial design of *divide-et-impera* and its application to a reality, ridden with various kinds of contradictions which allowed, *inter alia* the fissiparous tendencies to grow and proliferate over time. As in the case of India's freedom struggle, nationalism is not therefore always a cohesive ideology, it, instead, paves the ground, on occasions, for the consolidation of political forces championing the clamour for separate identity. Such a theoretical formulation may enable us to capture the ongoing attempts to establish identity by various sub-national groups in contemporary India. What can thus be derived is that national identity is functional because it fuses the socio-cultural properties of a community with its political and territorial habitat. Through cultural symbols highlighting fraternity among a specific group of people, nationalism

*Department of Political Science, Delhi University, Delhi

creates the only credible popular basis for socio-political unity. By nurturing specific belief systems and displaying its ideals in popularly-tuned imagery, the national sustains its credibility despite odds. The process, thus articulated, shows that India's partition, though divided the nation, was also a successful culmination of an endeavour, undertaken by Jinnah's Muslim League, to create a separate nation on the basis of socio-cultural distinctiveness of a community.

Although the 1947 Great Divide led to the rise of Pakistan as a separate nation, the phenomenon itself is, to some extent, paradoxical. On the one hand, the partition challenged the very basis of Indian nationhood by corroborating the two nation theory of Jinnah who despite being an ardent advocate of the Pakistan demand later, made his appearance on the political scene as a secular-nationalist. Moreover, the sudden rise of the Muslim League in the 1940s and the inclusion of the non-Muslim League popular leaders in its rank brought about radical changes in India's political arithmetic in two ways: first, Jinnah who never had a base in the Muslim-majority provinces of Bengal and Punjab thus appeared invincible in view of the newly-acquired constituency of support; secondly, Muslims gained remarkably by its appeal to the tradition of Hindu-Muslim socio-political and cultural separateness. Hence, the transformation of Jinnah from a national-secularist to a communalist, though paradoxical on the surface, had its root in the fast changing political scene of the 1940s. Similarly, the Congress acceptance of the partition appears paradoxical too in view of its strong opposition to the two nation theory ever since it made its appearance in political lexicon. In the light of recent researches, the 1947 division appears the best possible way out of the communal imbroglio; the idea gains ground more so because of the disastrous consequences of the so-called Hindu-Muslim fraternity in the Muslim-majority areas, like Bengal and Punjab, as soon as the transfer of power was formally articulated. So, the Congress had to swallow the two nation theory despite being opposed to its spirit from the very beginning.

The partition, though an imperial device, therefore appeared inevitable given the process that started unfolding with the arrival of an alien political power in an internally divided India. Jinnah's argument defending the division of the subcontinent in accordance with religion therefore gained currency primarily because of the conducive environment created as a result of a complex interplay of factors involving the economy, society and politics. Likewise, the Congress defence of national unity was futile in view of the weakening of the socio-political forces neutralizing the impact of the so-called divisive tendencies. The Great Divide is thus not merely attributed to the *divide-et-impera*, nor to the Congress failure to combat the communalists, nor the Jinnah's intelligent handling of the situation; instead, it brings-out the complexity of a process that saw the

acceptance of the partition by the major political actors irrespective of ideology.

Mushriul Hasan's *India's Partition* is a good compilation of articles relevant to the understanding of partition as a process. Although the book offers nothing new because the articles, included in the volume, had already appeared earlier, the attempt is praiseworthy for having brought-out a uniform theme concerning the partition. Concentrating on the process, strategy and mobilisation in the saga of partition, Hasan, instead of focusing on the partition *per se*, picks-up those articles drawing our attention to the actual ground reality that became crucial in grasping the 'Great Divide'. One should however add a note of caution here because the notion of ground reality varies from one article to another due to differences in focus and the nature of material selected for the purpose. Partha Chatterjee's 'Bengal Politics and the Muslim Masses, 1920-47' (pp. 254-273), for instance, builds-up an argument of the subaltern historiography taking into account the role of the unorganised (sic) world of politics in shaping the Muslim psyche *vis-a-vis* the anti-British campaign. Contrarily, both Asim Roy in his 'The high Politics of India's Partition' (pp. 101-131) and Ian Talbot in 'The Growth of the Muslim League in the Punjab, 1937-46' (pp. 230-253) draw upon the institutional approach to explain the 1947 division. Although Partha Chatterjee's article is not the best example of subaltern historiography as such, it certainly identifies new areas of inquiry underlining the role of the hitherto neglected actors of history at the grassroots. Similarly, the institutional approach though limits our vision by drawing attention solely to the organised (sic) world of politics, is certainly partially useful in understanding the complex dynamics of imperial machinations at the level of institutional politics and its immediate environment. Hence, the high drama of partition, the off shoot of both imperial design and other related factors is likely to be misconstrued if it is interpreted in a straight-jacket fashion.

A glance at the contents shows that the book deals with the theme in three different ways : first, the editor draws our attention to the views of Gandhi, Jinnah, Nehru and Azad on the Great Divide outlining the broad contours of the processes that led to the partition. These extracts serve a useful purpose because they provide us with the summary of the principal arguments, put forward by the crucial actors in the high drama of partition to defend or question the vivisection of the subcontinent. Secondly, there are articles on the partition *per se* with a focus on its various aspects that prepared the background for the transfer of power to a divided India. These essays, though by no means exhaustive, trace the roots of the partition in various imperial devices, including the legal-ones, to bring-out the complexity of the situation that ended in the bifurcation of British India. Finally, the editor picks-up a number of articles dwelling on the specific socio-

economic and political reality of Punjab, Bengal and Uttar Pradesh (UP) to underline the extent to which a favourable campaign in the Muslim-majority areas appeared formidable as the drama of partition drew to a close.

II

In an extensive introduction (pp. 1-43), Hasan explores the multifaceted nature of the partition by concentrating on the origin of Pakistan. By providing an elaborate review of the available literature, the editor has done a remarkable job for those striving to unfathom the dynamics of the 1947 division. The discussion, though well-articulated, appears untidy, on occasions, perhaps due to a lack of clear exposition of editor's theoretical bias. And, given the nature of contemporary Indian historiography, a discussion underpinning the theoretical tilt of the author seems unavoidable.

After having introduced the principle theme, our attention is drawn to the writings of Gandhi, Nehru, Jinnah and Azad. Jinnah's 1940 presidential address familiar to those interested in the saga of partition, is a clear articulation of the Pakistan demand in terms of Islam (p. 58). As is well-known, none of the Congress nationalists agreed to the idea of partition as, to quote, Nehru, 'this sentiment has been artificially created and has no roots in the Moslem mind too' (p. 76). To Gandhi, the 1940 Lahore resolution created 'a baffling situation' (p. 76). So, why was the partition accepted at the first instance? Nehru's two statements may provide us with clues here : in 1940, he mentioned that 'he would accept Pakistan rather than not have freedom'. In 1960, he attributed the partition to the fact that 'we were tired men and we were getting on in years . . . the plan for partition offered a way out and we took it' (p. 31). Or, he probably had apprehended that 'without partition there might have been no transfer of power at all, or the whole of India might have been involved in a civil war the consequences of which would have been infinitely more tragic than the sad events of the latter half of 1947' (p. 32). Nehru's statements do explain, to some extent, the intricacies of the processes leading to the division by diverting our attention away from the organised world of politics to the volatile non-institutional sector of politics. The idea, thus conveyed, brings-out the linkages between different levels of politics which constituted the foundation of the Great Divide. Hence, to grasp the unfolding of events that culminated in the creation of Pakistan, Nehru's understanding of the situation is surely an eye-opener in this regard.

Although religion contributed immensely to the rise of Pakistan, the Congress failure to assess the minority problem in the proper perspective was equally responsible for the alienation of the Muslims from the nationalist platform. Notwithstanding the Congress

negotiations with a handful of elite Muslim politicians in the wake of the 1916 Lucknow Pact and the 1922-23 Congress-Khilafat merger, the chasm between the Hindus and Muslims was always exploited to advance the cause of the respective communities. How was it possible? The editor in his 'The Muslim mass contacts campaign' (pp. 132-158) has argued that the elite-level pacts appeared futile in view of the genuine socio-economic differences between the Hindus and Muslims. In this thoroughly researched piece, he also has found-out that the 1937 Mass. Contact Campaign, probably the last serious Congress attempt to attract Muslim support, 'ran into serious trouble, within two years of its launching, not so much due to the Muslim League's opposition or the lack of Muslim support but because of *Congress' own reluctance to pursue it with any vigour or sense of purpose*' (p. 151) (emphasis added). The Congress decision to abandon the struggle of mass contact for ministry making (sic) 'allowed Jinnah, perhaps involuntarily, to take advantage of deteriorating communal relations and rally his community around the divisive symbol of a separate Muslim homeland' (p. 158). The scenario appears complete in view of the carefully devised scheme of political representation of the British and Jinnah's dramatic success in reaping the benefit in his favour. Farzana Sahikh in 'Muslims and political representation in India' (pp. 81-100) has shown that in the formation of Pakistan what was crucial was 'the institutionalisation of politics on the basis that Congress *could, not* represent Indian Muslims' (p. 100). In an indepth study of the ideological basis of Muslim representative politics in India, the author has substantiated the contention with supporting evidences. The argument, probably correct in a limited way, does not tell us much about the processes that contributed to the Congress' failure to represent the minorities despite its well-pronounced nationalist character. Similarly, the argument put forward by R.J. Moore in his 'Jinnah and the Pakistan demand' (pp. 159-195) highlighting 'the Great Man Syndrome' appears theoretically fragile for not having adequately underlined the role of the environment which is crucial in shaping an individual. That Pakistan 'would not have emerged without him' (p. 159) shows the extent to which Quaid-i-Azam intelligently handled the otherwise conducive socio-economic and political reality towards the attainment of Pakistan. True, Jinnah spearheaded the campaign for Pakistan; his success however is attributed to a society ravaged through communal disharmony, imperial exploitation and other divisive tendencies, so obvious in a colonial society. At the ground level, the Hindu-Muslim hiatus at least in socio-economic terms was exploited by the Muslim League to highlight the economic tinge of communal schism; at the level of organised politics, the Congress reluctance to come to terms with the Muslim leadership immediately after the 1937 elections institutionalised 'a sense of persecution' in Muslims. Thus emerged, as Moore argues, 'the essential link between

Jinnah's leadership and the emergence of Muslim national consciousness' because Jinnah 'personified the Muslim sense of persecution by the Congress denial of their achieved status' (p. 165). Despite the limitation stemming from a particular theoretical tilt, Moore's intervention in the debate is refreshing too for the discovery of new source materials relating to Jinnah which, if interpreted differently, will probably sort-out the historical puzzle concerning the partition more effectively.

III

Partition became a reality largely because of the dramatic success of the movement in its favour in Bengal and Punjab. What had happened in UP and Hyderabad was significant in the transfer of power; the socio-political compulsion in Bengal and Punjab had however a direct bearing on the Great Divide itself and hence our attention will be confined to the articles highlighting the process that triggered-off the drive for Pakistan in the Muslim-majority provinces of Bengal and Punjab. What constitutes a landmark in the history of the partition is the remarkable success of the Muslim League in mobilizing Muslim support irrespective of class, in favour of a separate Muslim homeland in Bengal and Punjab where it had no significant support base before 1940. Hence a probe into the triumph of the Muslim League at the cost of the national secular forces in these provinces is thus intellectually fascinating.

Both David Gilmartin and Ian Talbot attribute the success of the Pakistan campaign in Punjab to a prevalent religious leadership that shifted its loyalty from the Unionist Party to the Muslim League. Politically, it was probably the most conclusive step towards the creation of a separate Muslim homeland. An argument highlighting the growing influence of the Muslim religious leadership in mobilisation in Punjab seems plausible especially in the light of a sudden eclipse of the national-secular force in the province Jinnah called 'the cornerstone of Pakistan'. In order to delineate the background of the religious support for the Pakistan movement in Punjab, Gilmartin in his 'Religious leadership and the Pakistan movement' (pp. 196-229) looks into the 'connections between the structure of religious leadership and the structure of Muslim politics in twentieth century Punjab' (p. 228). By analysing the role of the revivalist *sajjada nashins* in garnering support for Pakistan, Gilmartin demonstrates the extent to which religion and religious symbols acted as crucial variables in the 1947 Great Divide. In his view, the support of *sajjada nashins* to the Muslim League largely accounted for latter's triumph in the elections of 1946. And, the victory, to quote Gilmartin, 'was a sweeping religious mandate for Pakistan and marked the most important step on the road to Pakistan formation' (p. 229).

Talbot's formulation, couched more or less in similar fashion, is a further elaboration of Gilmartin's thesis. By concentrating on 'the growth of the Muslim League in the Punjab' (pp. 230-253), the author has shown the overarching importance of traditional social and religious networks in mobilizing political support. In his findings, the League was able to create and sustain its strong political base by relying on 'the sufi and kinship networks'. It was mainly through these and through the linking of Pakistan scheme to the solution of the villagers wartime economic difficulties that 'League politics were able to reach down and embrace the rural voters who held the key to the successful creation of a new Muslim nation-state' (p. 253). A thorough study of the Punjab situation therefore reveals the complex interplay of religion and politics in the rise of Pakistan. It also shows the extent to which *Pir's fatwas* and landlord's economic influence and their leading position in the kinship networks acted favourably in the process that led to the vivisection of the subcontinent of India. So, the study, by underlining the relative importance of religion and its concomitant value system in pushing forward the partition plan in the face of vehement Congress opposition, is undoubtedly significant in the understanding of India's partition.

IV

Partha Chatterjee's 'Bengal politics and the Muslim masses, 1920-47' (pp. 254-273) is an attempt to theoretically articulate the process of entry of the peasant masses into organised politics of modern kind. Since in Bengal peasants were largely Muslims and landlords Hindus, the Hindu-Muslim chasm had acquired a class dimension. Hence, riots and other skirmishes involving Hindus and Muslims require to be interpreted differently. The argument highlighting the class nature of communalism in Bengal appears plausible in the light of the evidences supplied by the author. For instance, as Chatterjee argues, a study of the riots in east and north Bengal in the 1920s and 1930s 'shows that the ideology which shaped and gave meaning to the collective acts of the peasantry was fundamentally *religious*'. He further adds, '(r)eligion to such a community provides an ontology, an epistemology as well as a practical code of ethics including political ethics. When this community acts politically, the symbolic meaning of particular acts - their signification - must be found in religious terms' (p. 264). In case of Bengal, it was Islam which provided the peasantry with a readymade organising principle for a specific type of politics. And, given the social composition of landlords and zamindars 'a continued climate of peasant agitation regarding zamindari oppression was translated in the Muslim-dominated areas into ideological terms that were pronouncedly anti-Hindu' (p. 272). In such a context, the Congress support to the zamindars, a majority of whom were Hindus, strengthens

further the characterisation of the Congress as a communal organisation—and, thus the alienation between the Congress and Muslims was largely complete.

While Partha Chatterjee draws upon the socio-economic and political processes at the grassroots to grasp the complexity of the situation that led to the partition, Leonard Gordon looks at the institutional politics to gauge the importance of religion and cultural distinctiveness of Bengal in the so-called separatist politics. In his 'Divided Bengal : problems of nationalism and identity in the 1947 partition' (pp. 274–317), Gordon explains partition in terms of the failure of the Bengal politicians regardless of ideology to rise above the communal schism. Although the argument is partially true for it overlooks the role of other major actors, it brings-out the extent to which socio-economic and cultural differences among the Bengalees were crucial in understanding the Great Divide. Accordingly, the 1947 United Bengal Movement was an aberration because it brought together, at least temporarily, Bengalees irrespective of religion for the creation of a third sovereign dominion in the wake of the transfer of power. The failure of the movement however shows the degree to which communal schism loomed large. Thus, in Gordon's perception, 'religious and cultural factors and interests' (p. 316) play a crucial role in cementing the bond within a community, though divided in class terms. This conclusion partly explains the emergence and consolidation of the Bengali Muslim as a community separate from their Hindus counterpart. What is however slightly misleading is the fact that Bengalees share a number of common cultural traits despite differences in terms of religion. Hence the argument defending that cultural homogeneity is an antidote to heterogeneity of other kinds appears questionable. Juxtaposed with Gordon's contribution, Partha Chatterjee's exercise provides us with a rather defensible explanatory scheme which takes into account the spatial distinctiveness of a situation to arrive at a plausible argument. In Gordon's scheme of analysis, partition is explained largely by what had happened at the level of organised politics despite occasional reference to the activities at the grassroots. Chatterjee however is more interested in the linkages between the organised and unorganised worlds of politics and also accepts the autonomous nature of these two different worlds on occasions. Theoretically, Chatterjee's contribution is more stimulating since it enables us not only to grasp the dynamics of communal politics in Bengal but also to probe into the nature of the collective social activities of a very large part of a people in the so-called developing countries.

V

As an anthology, the book serves useful purpose to those working in the field. Its utility lies in the fact that not only has the exercise introduced us to the complexity of the processes that led to the partition, it has also brought-out the intellectual imbroglio over the theme by drawing our attention to the prevalent debates. In his extensive introduction, Mushirul Hasan while summarising the broad trends in Indian historiography, refers to both the theoretical and practical problems which crop-up if one subscribes to one particular approach. Even without an adequate exposition of the contemporary theoretical literature on history and historical trends, it is obvious that the Indian reality can never be gauged properly due to its multifarious dimensions; it is more so, in the colonial context because of the existing socio-economic and political networks stemming from colonialism. So, the perception that a monocausal explanation of what had happened during the partition fails to capture the process in its complexity, is always welcome for it enables us to go beyond the formalised structure of politics. Hasan's *India's Partition* is intellectually stimulating too for having allowed access to the various types of writings on the theme drawing on different kinds of theories.

Taking the articles together, one is inevitably drawn to the role of religion as an ideology. Whatever the nature, religion is a cementing factor irrespective of society. Similar to an ideology, religion, in a sense, comprises intellectual doctrines capturing both the consciousness of social actors and the institutionalised thought system and discourses of a given society. A thorough scan of the Indian reality on the eve of the Great Divide shows convincingly the extent to which religion was significant in bringing together a people, though divided along class, for a particular political cause. Such an argument explains plausibly the apparent homogeneity of Muslims in Punjab and Bengal despite obvious differences on various counts. So, in the two nation theory Jinnah found a carefully-devised device to project the unity among the Muslims as natural and the irreconcilable opposition between Hindus and Muslims. Despite the fragility of a religion-based bond, as was evinced in the dismemberment of Pakistan following the creation of Bangladesh in 1971, religion provided the Muslim League with a readymade structure for mobilizing support for the two nation theory which largely accounts for the rise of Pakistan.

At the theoretical level, the book serves a useful purpose too by provoking a debate on the nature of nationalism in India. After having dwelled on the freedom struggle in its various manifestations, contributors to the compilation have demonstrated how difficult it is to conceptualise nationalism as derivative in essence in the context of a transitional society like India. Hence, nationalism as an ideological phenomenon, has to be located in the realm of political and cultural

practices. Colonialism was the dominant context which influenced 'human consciousness' in a significant way. Nationalism representing a particular type of consciousness was predominantly a reaction of the subjugated people to an intrusion of an alien culture and an attempt to break the muteness imposed by the foreign rule. Colonialism apart, the socio-economic and political configurations internal to India also played a crucial role in shaping the consciousness as well. Thus a selective pride in one's language, culture and religion figured decisively in such a consciousness. Although colonialism provided a shared experience to all, nationalism had its varied manifestations probably due to the differences in social and cultural milieus of the human agents articulating the consciousness. So, in order to capture the complex world of Indian nationalism one needs to grasp the interplay of factors involving colonialism and its attendant value system, the prevalent socio-economic and political compulsion and the role of human agency in creating and sustaining a particular worldview. An argument, couched in above terms, will help explain the triumph of the Muslim League and its call for Pakistan in Bengal and Punjab and its failure in Uttar Pradesh and Hyderabad despite the Muslim-hegemony in the socio-political affairs of these two areas. Similarly, the rising importance of Gandhi and his ideology in north India and elsewhere, and its relative eclipse in Bengal and Punjab will be gauged better if the discussion is pursued in similar fashion.

BOOK REVIEW

The Sub-Continent: Academic analysis

Paula R. Newberg: *Judging the State: Courts and Constitutional Politics in Pakistan*, Cambridge University Press, Indian Edition by Foundation in Delhi, 1995, Indian prices Rs. 375.00.

Ayesha Jalal, *Democracy and Authoritarianism in South Asia A Comparative and Historical Perspective*, Cambridge University Press, Indian edition by Foundation, Delhi, 1995, pp. 295 Indian price Rs. 385.00.

Scholarship in and about the subcontinent has always been a little uneven in quality. The Indian academy is extremely large and growing exponentially. Since so much of Indian education is bibliographic and demonstrative of rote learning, this is amply demonstrated in the thousands of books that pour out of Indian universities, institutes and publishing houses. Facts are collected but routinely analysed. Comprehensive but often incomprehensible—unlike the columns in Indian newspapers—there is a lack of indigenous intellectual debate. This is changing now, but not with sufficient rapidity. Earlier, the more respectable debates located their contentions within the scholarship of the 'West', which poured wealth and resources into studying India. Even today, it is writers on India, with prestigious international publishers, who provide the foci from and against which book learning expounds itself. This is not to deny that the Indian academy as a whole does have a point of view—which has been strongly and elegantly transmitted through some extremely well written and rich analysis. In the lesser works that come from the academy, the imitation may be one of form, with the writer's point of view lying as a buried intuition and bias in the flow of words and references which often pull such works together. The truth is that academic books and treaties are not the social and political art form through which contention in India is espoused. With their puny little print runs, most academic books have relevance only within the academy—to secure a post, add a publication in the arid publish-or-perish culture on which promotion may depend and which gives the writer the status of an author. Soon after the Emergency, Indian social

science publishing (in its broadest sense of the word) came to the fore as both protest and indictment. It produced many works of fly-by-night significance. But serious Indian scholarship is uneven. It is yet to mature into a powerful dialectic which does more than interact with itself for its own sake.

The Indian academy has been generally uniformed about the work on and in Pakistan. Attempts to get intellectuals of both nations to interact have been beset with a bucket full of immigration difficulties. Indians have tended to be a little more exuberant about such meetings than their Pakistani counterparts—even though there is a shared common feeling that, at least, writers and intellectuals should begin to talk—even if for no other reason than the simple belief that dialogue is a good thing. But, in all this, while Indians—both in their scholarship and their exchanges—have been expansive, self-critical, confessorial and effusive, Pakistan responses have always been a little guarded, giving no more than the occasion demanded and, generally, circumspect that what is said and written should not be wholly out of tune with the ultimate aims of Pakistan's foreign policy which is to present itself as wounded, cast off orphan struggling to find its form against its powerful neighbour. If Indian reactions portray India's million mutinies and treat its predicament as part of the challenge of governance, scholarship in and about Pakistan has hesitated and stepped back. This may be no less true of foreign scholars who have chosen to make Pakistan their special subject as well as Pakistani indigenous and emigre scholars. A strong empathy represents not just an understandable sense of belonging to the subject matter put a self induced bias which finds its surreptitious place in scholarship. Foreign scholars with regional academic interests have to give due pragmatic recognition to the fact that undue provocation may affect the visa status of the researcher.

Paula Newberg has been a Pakistan watcher for some time. Her recent book on Kashmir was seized but not impounded by Indian officials for little reason and ignoring the fact that the book, in part, support India's case. When she took on this book about Pakistan's constitutional politics, she did so with the eye of a political scientist—concerned more, perhaps, with the consequences of legal decisions than the legal discourse which gave rise to them. She is not alone in pursuing such consequentialist analysis. Indeed, Griffith's insightful *Politics of the Judiciary* does precisely that—to establish the class biases of the English Judiciary. But, whilst Griffiths examined the background of the English judicial establishment and the politics of patronage that governed judicial appointments with due care and attention, Newberg fails to undertake such an analysis, concentrating instead on the political circumstances that gave rise to the decision making; and not, in any great measure, on the people and the real politic in which they were willy-nilly enmeshed. As a

Pakistan watcher, Newberg has been very kind to her subject. The one inescapable circumstance that stares any observer of Pakistan's hapless attempts at constitutional integrity is the fact that Pakistan has seen usurper after usurper destroy constitution after constitution to establish their personal supremacy over the rule of law. In the early fifties, the Constituent Assembly got locked into a struggle with the Governor General resulting in a string of cases including a 'reference' to the highest court. In 1958, the *Dosso* in *Asma Jilani*, the Court denied legitimacy to the next coup, it gave legality to the regime under a broad based doctrine of necessity which remained the anvil of decision making for future *coup*. While political analysis can hardly stop where legal chicanery begins, it is difficult to resist the temptation of crediting the Pakistan Supreme Court with having produced an 'usurper' jurisprudence which accorded both legality and legitimacy to each successive regime in ways that can only make constitutionalists wince. This is precisely what Ghanian courts did in the *Sallah* case in 1966 and Nigerian courts in *Laknami* in 1969. By contrast, the Privy Council in England refused to recognise the rebel and racist Ian Smith 'government' in Rhodesia, denying recognition even to divorces granted by Rhodesian courts during this interregnum. This is not to sympathise with the predicament of Pakistan judges when faced with such coup. After all, their dispositive instinct demanded that they find a solution. For them to have simply sat on their high horse of legality might have resulted in throwing the baby out with the bath water. Yet, their solutions were imperfect and went over the top. *Dosso* used Kelsen's famous thesis that every legal and constitutional system rests on a social and political supposition that the fountain source from which all laws flow is entitled to exclusive recognition as the only source of legal authority. The fountain source (e.g. the Constitution) which he called the *grundnorm* did not exist in the abstract, it had to be broadly accepted by the people and the institutions of governance. In other words it had to be *efficacious*. But while the *validity* of a system was grounded in the of the *grundnorm* (without which it did not follow that every efficacious system was necessarily entitled to validation as a legal system! There are many mafia organisations and multi-nationals who run efficacious systems of government, but they are not—on that account—entitled to recognition as valid independent legal systems. *Arguendo*, can any usurper assert before judges of the pre-usurped regime that such judge abandon their oaths and accept the new regime and validate its existence. While *Asma Jilani* expressed the discomfiture of the judges, it could never wipe out the usurper jurisprudence that had been so unequivocally blessed in the major decision in *Dosso*. Counterfactually, could the judges have done anything else? It was all very well for the Sindh and Dacca courts to have taken a brave stance in the knowledge that ultimately the 'buck' had been passed on to the

Supreme Court. No judiciary worth its wisdom can claim a greater status than it actually enjoys. If it goes over the top, its loss of prestige could harm the entire judicial enterprise and the cause of the rule of law. If it does not go far enough, it is so easy for the judiciary to acquire a reputation for pusillanimity. It is difficult to accept that Pakistan's judiciary found the correct balance; or, that—until recently—usurpers were fearful of judicial verdicts. Somewhere and somehow, the cause of the rule of law was subverted even though semi-heroic battles took place to prevent such a lapse. While Newberg—who has a nice turn of phrase—documents the rise of this 'usurper' jurisprudence, she hesitates to call a spade a spade. To the extent to which Pakistan's judiciary can be the effective *situs* of struggle remains uncertain. What Newberg fails to analyse are the political and social forces that hold Pakistan's judicial enterprise together. She may well be sanguine in saying that the 'courts have given the polity a vocabulary with which to speak when political language has been neither accurate nor reliable.' But, has it? Perhaps not. Certainly not with the kind of stability with which judicial discourse can redeem political lapse. After almost fifty years (and despite so much brilliance in its civil society), Pakistan has still not settled down to a system of credit. This is not something that short sighted Indians should view with glee. The stronger the democratic traditions of all the states of South Asia, the better for all concerned. But, the traditions for democracy cannot be shaped by a judicial tail wagging undemocratic dog. Pakistan's quest for democratic governance cannot ignore the institutionalisation of democracy through the rule of law.

Ayesha Jalal is justly famous for her courageous book, *The Sole Spokesman* which absolves Jinnah—the *Quaid-i-Azam*—from precipitating the final deed of partition. Interesting though her thesis may be, the fact that it has supporters in the form of India's constitutional jurist Seervai and pro-Nehru secularists like Rafiq Zakaria cannot foreclose the issue. To look at the final stages of a negotiation without examining the context in which the negotiation arose and the manner and style in which it was conducted, seems to lose the wood for the trees. Having scored an academic triumph in portraying the Congress as the possible villain of the piece, Jalal moves on to a much more ambitious 'comparative and historical' project on democracy and authoritarianism in South Asia. While the book is a treasure house of bibliographic information and a racy survey of the fortunes of Pakistan, India and Bangladesh, it fails in its comparative endeavour because Jalal does not succeed in finding the point of comparative equivalence through which convincing factual statement can be combined with perceptive analysis. Pakistan's authoritarianism is not to be equated with India's Emergency. Nor is there enough recognition of the demographic enormities of India. Of course, the various nations grew out of the same system of British

governance, yet the vastly different trajectories cannot be squeezed into false comparisons. What the book lacks is a coherent thesis about any one of the three nations. It does not explain the different role of the army in each one of the polities. India lies exposed by its own scholarship making it easy to pick up the critical 'pieces'. That is why the richest part of the book is the somewhat anthological summary of India's ailments. Ironically, by contrast, it is the analysis of Pakistan and Bangladesh which is relatively thin and incomplete. But in the long run, false comparisons are both politically sterile as well as intellectually self defeating. Fifty years is a long time. To treat the sub-continent as a spatial and temporal homogeneous unit is nothing, if it is not problematic. Some satisfaction could be derived from an analysis which advances an argument—albeit speculative—about the rise of authoritarian regimes. But this book does not do that. It is a pessimistic book about the failure of central state ideologies—placing on par India's experiments with secularism with Pakistan's Islamic ideological apparatus. Jalal's book is a beginning by a scholar of Pakistani origins to examine India's polity. That is no reason to get defensive about her work. But it may be unsatisfying because it has style, yet does not carry conviction.

What is important is that the nations of the subcontinent know more about each other in ways that are less contentious and more promising. It does not help to portray South Asia as a potential graveyard of democratic traditions. As a historian Jalal has looked at the documents and reported history. But, by making the well-known distinction between civil and political society (and ignoring the former), Jalal has failed to reach the civil foundations on which political democracy rests. One cannot but be impressed by the literature of Pakistan's protest and the determination of its democratic forces to find the political stability that its past has eluded. This valuable book should not divert us from a richer and more diverse analysis which will surely emerge in the years to come. Academic analysis invariably reflects political bias. That is what makes the academic enterprise meaningful; and, an argument without end.

RAJEEV DHAVAN

BOOK REVIEW

From Pax Americana to Pox American

David J. Brown and Robert Merrill, eds. *Violent Persuasions: The Politics and Imagery of Terrorism*. Bay Press, Settle, 1993, pp. 298 \$18.95, paperback.

India has been endeavouring, in recent years, to get Pakistan declared as a 'terrorist state' in 'international fora'.¹ It has no doubt been encouraged in this enterprise by the belief that the announcement of the former Prime Minister of Pakistan, to the effect that his country is in possession of the atomic bomb, had condemned Pakistan in the eyes of the international community, and that in any case numerous disclosures about Pakistan's probable involvement in international smuggling of high-grade plutonium used in the construction of nuclear weapons, or about Pakistan's sponsorship of terrorism in Kashmir, were enough proof to turn India's foe into a pariah state. International bodies do not, however, designate certain countries as 'terrorist states', nor is there any provision in international law for doing so, and if Libya, Cuba, North Korea, Iran and Iraq are thought of as terrorist states, it is only by dint of a consensus forged among western powers at the behest of the United States, which has imagined itself as the world's policemen since the unfortunate time when it came out of its isolationism, and has lately proceeded to wield the big stick not merely in its own traditional backyard, Central and South America, but all over the world. Even when the United States railroaded, bullied, and blackmailed the member-states of the United Nations to launch a 'multinational' armed force, the brunt of which consisted of soldiers drawn from America's oppressed minorities, to evict Iraq from Kuwait and to prevent an imagined Iraqi invasion of Saudi Arabia, it could only do so by having Iraq declared as an 'aggressive' or 'belligerent' state, but not as a 'terrorist' state. There is something particularly ironic in India wishing to have America declare Pakistan a terrorist state, for if the various contributors to *Violent Persuasions* are to be believed, America itself has been the most insidious and consistent supporter of terrorist regimes, while at the same time conveying the twin-fold impression that it is at the helm of efforts to

eradicate terrorism, and that Americans in particular are victimised by terrorism. When the wolf starts crying 'wolf', it strains human credulity, though perhaps the umbrage that America may feel at being designated a terrorist state is akin, to evoke the aphorism of Karl Krauss, to the indignation felt by the pig at being called a sausage.

The thesis of *Violent Persuasions*, let it be clear, is not the familiar and even hackneyed (though not for that reason untrue or implausible) one that America's imperialist ambitions are insatiable, or that the world has never known a more effective and destructive machinery for repression than that perfected by the United States. It is clearly evident that with its unclear arsenal, America can hold the greater part of the world hostage to its designs, though of course its strength in so-called 'conventional' weaponry would be enough to decimate all but a few countries. What America achieves by way of brute strength is often less enduring, influential, and worrisome than the manner in which American hegemony does the work of naked domination. The subject of *Violent Persuasions* is, accordingly, most tellingly conveyed in its subtitle: *The Politics and Imagery of Terrorism*. Who calls whom a terrorist? By what right? To what end? And with what result? Why is it that Cuba, against which the United States has maintained an economic blockade for over thirty years, should be deemed a terrorist state, while the incontestable American sponsorship of death squads in El Salvador and Guatemala should not merely have been defended by the Americans as a measure taken for the preservation of democracy, but should actually have been conducted under the aegis of an anti-terrorist law? The obvious implication, to take the official American view, is that 'the massive state terrorism of those countries was *combating* terrorism and was not terrorism itself' (pp. 50-51). While the United States continued to enjoy friendly relations with the brutally repressive apartheid regimes in South Africa, the African National Congress, engaged in the entirely justifiable enterprise of attempting to gain emancipation and basic human rights for the majority black population, was deemed to be a 'terrorist' organisation. Who produces terrorism, and what is the role of 'counter-terrorism experts' and other clones of the American knowledge industry in the very creation of terrorism?

Over the period 1969-1980, 'international terrorists' claimed 3,368 lives, according to figures compiled by the CIA, which is scarcely likely to underestimate the number of people killed by the goons of Qaddafi or Saddam Hussein or by members of the Palestine Liberation Organization (PLO) and other alleged terrorist organisations. Israeli police have estimated that between 1968 and 1981, the number of Israelis killed in acts of terror world-wide at the hands of the PLO was 282. By way of comparison, in just two years, 1965-1966, the police and armed forces of General Suharto, who still presides over the destiny of his nation, eliminated at least half a million communists

and purported communists with American military hardware and the active encouragement of the United States. American administrators, needless to say, have been just as rabidly anti-communist. The same regime of Suharto accounted for (in a conservative estimate) another 200,000 lives during its invasion and pacification of East Timor, but Indonesia has *never* been described by the U.S. as a 'terrorist state'. Between 1980 and 1983, states an Amnesty International report, slightly more than ten overseas Libyans were assassinated, presumably as traitors or enemies of the state, but a greater number of Libyans—all civilians—were killed in one single air attack launched by the United States in an act that was tantamount to undeclared war (pp. 54–55). But while Ronald Reagan was feted in the West as a champion of freedom, numerous demeaning epithets, such as 'mad dog' and 'evil killer', were applied to Qaddafi by Reagan and his ilk, and Qaddafi quickly earned notoriety as an international bandit. If Suharto escaped unscathed, and Saddam Hussein stood roundly condemned, as he indeed should have been, for the brutal repression of the Kurds, one has only to think of the invidious distinction between 'authoritarianism' and 'totalitarianism' to cease pondering over this anomaly. In the nefarious political sociology of Jeanne Kirpatrick, the U.S. was morally obliged to distinguish between authoritarian regimes, such as those of Indonesia, Taiwan, and even South Africa, which were friendly to the U.S. and hostile to communism, and the left-wing totalitarian regimes, which while often less brutal than authoritarian countries, stood condemned ipso facto as harbingers of communist ideology.

While instances of state-sponsored terrorism could easily be multiplied, how is it that terrorist activity is almost solely attributed to organisations engaged in the struggle of emancipation of people repressed by brutal regimes, to anti-imperialist movements, and to political leaders who have dared to contest the authority and imperial might of the United States? Is it a pure coincidence that Castro, Saddam Hussein, Qaddafi, and the late 'Great Leader', Kim Il Sung of North Korea, all described as heading 'terrorist' states, have been antagonistic to the ambitions of the United States? This construction of an elaborate narrative of world-wide terrorism aimed at destroying democracy, preventing America from the exercise of its rightful duties as the arbiter of peace, and making possible the triumph of totalitarian communism, owes a great deal, on the one hand, to the gradual emergence of a model of discipline and policing, and on the other hand to a constellation of practices pertaining to naming, representation, and the politics of knowledge in the widest sense.

In the semantics of terrorism', note the contributors to *Violent Persuasions*, 'four major devices have been employed' (p. 53). Two devices we have already encountered: state-engineered terrorism,

which accounts for a far greater number of people than those killed at the behest of 'eccentric' leaders and organisations with which the United States has not enjoyed friendly relations, is excluded from the rubric of terrorism. Second, American acts of terrorism are distinguished as defensive or retaliatory measures: thus the bombing of civilians in Tripoli could be defended on the specious grounds that, having gained sufficient proof of Libyan state involvement in a disco bombing which claimed the lives of American marines in Lebanon², the United States was entitled to take unilateral action against Libya. Similarly, while the PLO was always routinely described as engaging in murderous assault upon innocent Israelis, the actions undertaken by the Israeli government were always construed as being an exercise in "self-defense". Two other 'devices' provide the additional semantic basis for the framework within which the West seeks to contain the international understanding of terrorism: 'selective attention and indignation' and the concept of the international sponsorship of terrorism (pp. 55-56). Qaddafi could consequently be described as a sponsor of Abu Nidal, just as Iran is accused of sponsoring a pan-Islamic terrorist movement aimed at Christian powers, though American support of the Contras in Nicaragua, and of the Majahadeen in Afghanistan, or South Africa's aid to Renamo in the apartheid era, would never be described as 'sponsorship' of terrorism.

The misrepresentation of terrorism also requires, as *Violent Persuasions* states, an institutional basis. In the United States, two-thirds of the academics, policy-makers, and journalists who are considered as having an expertise on the subject of terrorism, and who have assumed the charge of formulating an adequate response to ensure the survival of democracy, are or have been formally affiliated with the government; a similar number are located in so-called 'think tanks', which receive the major portion of their funding from private corporations, and sometimes from the government. Never mind that the experts at 'think tanks' do everything but think, a task to which American conservatives are not known to take easily, readily, or happily. The Rand Corporation, which boasts of an entire division of 'counter-terrorism' experts, is funded entirely by the Pentagon. Between themselves, the government, 'think tanks', conservative policy-making institutions, and corporate-funded enterprises account for virtually all of the nation's experts in 'terrorism' and counter-terrorism, and it is their views which are aired on television shows, the radio, and newspapers. These experts accept the premise that 'enemies of the United States are terrorists and the friends of the United States are counter-terrorists'; accordingly, they focus entirely on 'insurgent or left-wing terrorism, not state terror or right-wing terror' (p. 59). A survey of four major studies of terrorism emanating from such experts revealed no reference to the death squads with which Roberto D'Aubuisson terrorised El Salvadoreans, to Pinochet's regime of terror

in Chile, or to the Contras in Nicaragua, although a large number of pages in these works were devoted to Fatah and the PLO, Abu Nidal, Castro and Cuba, and the Soviet Union (pp. 57-61). Before terrorism can be considered terrorism, it must be certified as such by the 'experts'; and if it did not exist, it would have to be created, so that the categories of the social scientists are not wasted. Once terrorism had been created by the experts, the further knowledge of counter-terrorist experts was requisitioned (p. 33). As the contributors of *Violent Persuasions* more than adequately imply, short of independently-owned (left-wing ownership being an impossibility) newspapers, and radio and television stations, one cannot expect the American media, which has been a formidable party to the creation of 'terrorism', to broadcast views that would contest American hegemony and lay bare American aspirations to preside over a world subservient to American interests.

The parameters of what constitutes terrorism must be taken, as they are in *Violent Persuasions*, beyond the violence that we associate with the terrorism of states, organisations, or individuals. In the jargon of the day, terrorism is theatre: it is aimed not at those who become its victims, but at the watching world; for every policeman killed, another ten must feel the terror of the void. Is it possible, then, to speak of a terrorism 'that elides the corporeal body, that spares physical victims' (p. 20)? The mere threat of violence may be enough to create a field of terror: a woman who stops herself from taking a walk in her neighbourhood park after sunset may be a victim of her fears, but she may also be the victim of the terror orchestrated by warlords, political bosses, or just petty hooligans. The regime of terror may, in fact, have nothing to do with the exercise of terror, and terror is all the greater when, camouflaged as something benign, it is always implicitly presently, and only rarely imposed. In this respect, the United States, as *Violent Persuasions* forcefully reminds us, may be the most successful (and least 'spectacular') case of a regime that thrives on terror, for though the work of producing consent for military or political operations, such as the invasion of Panama and the war with Iraq aimed at creating an incontestable American domination of the world it is often done at gun-point, more often the consent of Americans is gained through 'gentler' and more insidious means. Thus, Americans have been led to believe, by the torrid extravagance with which the misfortune of an American or two is displayed for commiserative consumption, that Americans as a 'freedom-loving' people are especially vulnerable to the depredations of terrorists who love to live in chains, and that trafficking in drugs originated in a world-wide Soviet conspiracy to emasculate the virile nations of the West. On the contrary, as the contributors to *Violent Persuasions* suggest, the elaborate edifice of a world-wide 'terrorist network', must be viewed in relation to 'the creation of a drug/violence crisis on the streets of

America, (most particularly by a white mercantilist American class,) and the policy of reconquest of the Third World, particularly Africa, Latin America, and the Middle East' (p. 41).

Violent Persuasions makes inescapable three conclusions. The National Security Council, in a document produced in 1954 on 'U.S. Objectives and Courses of Action with Respect to Latin America', pointed out that nationalist regimes that aimed at an 'immediate improvement in the low living standards of the masses' were a threat to U.S. interests (p. 64). Nor was this the first American document to give voice to a policy of 'economic terrorism'. George Kennan, the chief architect of the American policy of containment of the Soviet Union, was candid enough to admit in 1948 that with 50 per cent of the world's wealth, though only 6.3 per cent of the world's population, the U.S. was bound to 'be the object of envy and resentment.' The U.S., as he went on to argue could not afford the 'luxury of altruism and world benefaction': 'we should cease to talk about vague and . . . unreal objectives such as human rights, the raising of living standards, and democratization', he urged, as America had no other task than to 'maintain this position of disparity without positive detriment to our national security' (p. 27). It is, then, a matter of historical record that American policy has always been guided by the desire to keep America dominant, to repress democratic movements in the rest of the world, and to maintain a deep and abiding *inequality* between the nations of the world and within nations. The cynic might well point out that there is nothing out of the ordinary in this, as every nation-state is given to realpolitik and the preservation of naked self-interest, nor has any nation-state ever been known to voluntarily relinquish power, but American rhetoric has always been marked by the sense of American exceptionalism, and indeed the rhetoric of America as a land of freedom when it has never been more than a nation of abundance is strident. If the U.S. has been at all prudent, and different than other nations, it is in giving recognition to the fact that so long as white American citizens are given their freedom, the state will retain the unhampered license to direct a repressive policy both against its own minorities and other nations. Martin Luther King was the first American leader to recognize that the oppression of his own people, and the deep-rooted racism of white people in the U.S., was homologous to the racism directed at Vietnam by Americans.

Secondly, this is the era of *global policing*, and the decisive role is assuredly of the U.S. Though the United Nations, the International Court of Justice, and numerous other organisations exist to maintain the fiction that the nation-state is a civilised entity, and that reason, persuasion, argumentation, discussion, and moral appeal are worthy means to reach agreement, resolve conflicts, or at the very least to engage nations in dialogue, the U.S. appears to have abandoned the ways of civilised nations and people. The attempted expansion of the

Security Council is a meaningless exercise, precisely because the U.S. has given ample indications that it will never be bound by the dictates of an international organisation when its own interests are in question. Policing, in its most evident aspects, necessarily implies the long arm of the state, the overt display of brute force when necessary, and the chastisement of nations that will not surrender to the protocols of the U.S. and an emasculated and pathetic but foolishly proud Britain. However, that is scarcely the sum of global policing, for today this policing takes place through international financial institutions, the manipulation of desires, the instrumental use of ever more sophisticated technology, agreements on intellectual property rights, and the entire paraphernalia of what has been described as 'democratic surveillance'.³ If Indian yogis can be found drinking Coca-Cola, and the Ravanas at Dusshera nurse Pepsi-Cola, surely global policing can even be sold as a regime of sweetness/

Most significantly, as the very title, *Violent Persuasions* suggests, we must be wary of epistemological and discursive terrorism. As Columbus named the islands he 'discovered' after himself and the sovereigns whom he served, and as the conquistadors of the New World recognised the power of naming, so the architects of the New World Order, that looks suspiciously similar to the geopolitical architectonics of European and American colonialism, have relied upon their capacity to shape the very categories through which we comprehend the world. To reiterate the obvious, we must not desist from asking: Who names whom a terrorist? By what right? What authority? And with what force? Why must terrorism be bracketed as the actions of individuals and states whose compliance with the interests of the U.S. and international capital cannot be procured, and who must perforce, if only to keep mad social scientists employed, play out their roles as bandit states and errant individuals? Though *Violent Persuasions* does not push its arguments to their limits, it unmistakably leaves behind the impression that we are some distance from undermining the terrorism unleashed by those categories of knowledge that pretend to universality and that continue to be the handmaidens to certain conceptualisations of the world that are hostile to the creation of a democratic and egalitarian community of nations.

NOTES AND REFERENCES

1. All major English-language newspapers published in India from August 20 to September 5, 1994, carried articles daily on Pakistan's possession of the nuclear bomb, its sponsorship of terrorism, and its involvement in the smuggling of nuclear materials.
2. The United States did by no means have sufficient, much less indubitable, proof of Libyan sponsorship of the car-bombing which killed a large number of American marines. But inadequacies in this respect have never deterred the

United States from taking unilateral armed action against supposed 'outlaw' states or from acting as the self-appointed guardian of the international order. Another case in point is the missile and air attack on Baghdad in January 1993, which claimed the lives of many civilians. The United States stated it was acting on the basis of information supplied by the CIA, pointing to the definite involvement of Saddam Hussein in a plot to assassinate George Bush, but this information was later shown to have been largely imaginary. Adherence to norms of international conduct, and to 'scientific' criteria for the establishment of truth, is more easily demanded of others.

After the invasion of Kuwait by Iraq, the United States made a concerted attempt to demonize Saddam Hussein. The brutality and wretchedness of Saddam Hussein seemed to be no more clearly exemplified than in the story, to which George Bush himself lent credence over American television, that Iraqi soldiers at Saddam Hussein's orders had thrown Kuwaiti babies out of their incubators. Subsequently, a year after the conclusion of military operations against Iraq, the *New York Times* revealed that the story had been fabricated by an American public relations firm, 'who had been hired by the Kuwaiti ambassador to rouse public opinion in the United States to support the war' (p. 228). Saddam Hussein has, undoubtedly, done worse, as the ruthless manner in which his political opponents have been eliminated, or the gassing of the Kurds by Iraqi forces, would suggest. But the point is that the story in the *New York Times* was broken in the press subsequent to the conclusion of the war, at a time when it made no difference. This is the manner in which purported democracies function: loud voices trumpet the presence of 'free press', though the war received virtually unstinting support from the press and the media in the United States, and just enough dissent is allowed that would entitle a democracy to justify itself as one.

3. Stephen Gill, 'the Global Panopticon? The Neoliberal State, Economic Life, and Democratic Surveillance', *Alternatives* 20, no. 1 (Jan-March 1995): 1-49.

VINAY LAL

BOOK REVIEW

Women and Employment in Rural India

Jeemol Unni, *'Women's Participation in Indian Agriculture'* Oxford & IBH Publishing Co. Pvt. Ltd., 1992, pp. 108.

The book under review deals with the much debated theme of women and employment in rural India and is based on the doctoral work of the author. The author has collated and analysed the data published by the National Sample Surveys, Rural Labour Enquiries and Census for the period from 1960 to 1988. This happens to be the 'period' that witnessed significant increases in crop output with the onset of 'Green Revolution'. The pattern of growth that emerged as a result of the skewed development process during this period led to sharper class and regional differentiation. It also led to changes in the production structure with increasing mechanisation and production of commercial crops. Although there was an increase of more than 5 per cent per annum in GDP in the mid-80s, the growth rate of employment in agriculture has declined from 2.32 per cent per annum during 1972/73-1977/78 to 1.20 per cent during 1983-1987/88. The overall declining elasticity of employment has had an adverse impact on women's employment as well.

In subsistence agrarian economies, the definitional problem of enumerating the work status of women is in direct contrast to the actual meaningful role they play in sustaining the economy. Women play a direct role in farming as well as in non-farm activities like dairy, poultry and other artisanal activities. However, they seem not to be working in the eyes of the official data collection agencies. Not only is the varied role played by women in economic terms totally negated; they are also relegated to the marginal areas of economic activity. Women have traditionally played a crucial role in sustaining the agricultural societies but with the development of capitalism they neither own these assets nor have any decision making authority in the production system. It is to be noted, however, that the economic and social consequences faced by women from the household with assets are different compared to women who have to live by selling their wage labour. The work pattern of women gets determined by her class status

in interaction with patriarchy as well as, in the Indian context, by caste factors.

It is emphasised in the study that participation of women in labour process does not respond to a marked mechanism. The constraints of women's involvement in work are clear from the fact that an overall increase in agricultural productivity does not lead to an increase in women's employment although it seems to be so in case of men (p. 96). Changes in prices or output cannot explain variations in labour force statistics for women; and self-employed women do not show a positive relationship with crops like paddy and cotton cultivation but agricultural women labourers do. It needs to be noted that these two crops employ female wage labour in large quantities for strenuous and underpaid operations like paddy transplantation and cotton picking.

There is evidence of increasing casualisation and marginalisation of women workers over the past few decades. Structural changes in the economy due to globalisation and Structural Adjustment Programme have relegated women to the unskilled low-wage sectors of the economy. These workers are the most vulnerable sections with uncertain employment status and subsistence wages. 'Variations in total agricultural output and consumer prices have an immediate effect on the standard of living of this section of the population who are on the threshold of poverty' (p. 48). Women's employment and the non-agricultural wages of other members of the household keep these sections of society from starvation during the years of adverse agricultural production.

Women's employment or even choice of employment is restricted by the lack of mobility across regions and even within the same region. Restrictions on mobility are as much due to the patriarchal norms of social behaviour as due to other extra economic factors particularly so in the Indian context. The role played by caste in creating segmented labour market can not be underestimated as the caste configurations keep women out of certain work categories. The upper caste poor peasant households may not allow their women to work on the field or tend the cattle; while amongst the low caste middle peasants, women work on their farms and as exchange labour. The prevalence of piece work and home based activities involve women in surplus generation within the limits set by caste and gender. Women also are treated as the labour reserve in the process with increasing casualisation and open unemployment. At times, women are preferred for jobs in the unorganised sector due to their docile nature.

Women from landless families and those from poor peasant household enter the labour market during adverse agricultural years. This happens particularly when the men from such household migrate in search of jobs and women take up as sole earners with all other responsibilities of taking care of the children and the aged in the family. A direct relationship between agricultural prosperity and

women's employment may not show in statistics in such circumstances; in reality, the opposite is the case. The proportion of non-wage incomes and non-agricultural incomes of the poor households rises during the years of drought and bad agricultural seasons. Various relief programmes run by the government and any other work available is taken up by the men and women of such households to keep hunger at bay. The book will be useful to researchers working on the subject of women's employment.

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S o c i a l

S c i e n t i s t

Globalization of Capital and the Theory of Imperialism

Prabhat Patnaik

5

Government and Economic Development in South Korea, 1961-79

Sudip Chaudhuri

18

Coercive Corporatism: The State in Indonesian Capitalism

Jayati Ghosh

36

Some Considerations on Rural Investment, Employment, and Consumption
in the Post-Reform Period in China

Utsa Patnaik

50

Growth Centres in South East Asia in the Era of Globalization

Sunanda Sen

62

External Vulnerability and Industrial Policy in the Era of Globalization

C P Chandrasekhar

92

282-83

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INTRODUCTION

In the ongoing effort to characterize the current conjuncture in world capitalism two tendencies have dominated the discussion. First, evidence of a dramatic increase in the cross-border flow of goods, services and capital, especially financial capital, over the last decade, which are taken as signs of a new process of 'globalization'. Second, evidence of a shift in the focus of growth in the international economy to East and Southeast Asia, because of relatively high and persistent rates of growth of GDP and manufacturing output in a few economies.

Faced with this evidence, a number of social scientists including some who are avowedly Marxist have argued that both the conventional Left characterization of imperialism and the resulting perceptions on the potentiality for capitalist development and industrialization in the Third World are under challenge. Not only is globalization challenging the notion that the mechanisms of international capitalism are fundamentally unequal in their distribution of the 'costs' of capitalist growth, but no more does imperialism or for that matter international inequality constitute a constraint on the industrialization of the less-developed or underdeveloped nations in the world system.

There are a number of strains to this argument. To start with it is held that the fluidity of international capital flows has resulted in the loss of control of national governments in both developed and developing countries over developments in what was hitherto considered a national economic space that was demarcated from the world economy. This loss of manoeuvrability on the part of national governments is seen to underpin the collapse of virtually all forms of interventionism, whether in the developed industrial nations or the developing countries. This challenges the idea that any one developed country or a combination of such countries can dominate and influence trends in the world system, making any notion of imperialist influence difficult to sustain. Autonomous forces rather than interventionist strategies, it is argued, determine the course of the international system, and the role of national governments is merely to facilitate the operation of such forces.

This, however, is not seen to be a cause for concern, because those autonomous forces are not merely considered benign but in fact positive from a growth and welfare point of view. It is to defend this idea that the experiences of East and Southeast Asian countries are periodically marshaled and presented as so many instances where a facilitating State has ensured that individual nations garner the benefits that more or less autonomously flow

from greater integration into the world system. This is seen to occur largely because of three factors. First, evidence that the revolution in technology and communications and changes in policy regimes in the direction of greater liberalization has unleashed a wave of industrial relocation which makes corporations seek out the best sites worldwide to locate increasingly segmented production processes with the aim of catering to markets worldwide. Second, the wave of liberalization that this opportunity lets loose is expected to not only ensure industrial proliferation and growth, but also unleash a range of 'efficiency' benefits in both the agricultural and industrial sectors, which when automatically reinvested in pre-Keynesian fashion, accelerates the growth process. Third, any short term worsening of the balance of payments because of opening up of Third World markets is expected to be financed by flows of portfolio capital, the enhanced flow of which to the developing countries is seen as making the current account deficit less of problem than it was in a world of more insular nations.

The articles in this issue of *Social Scientist* address these arguments based on analyses made from an international, regional and national perspective. Prabhat Patnaik's contention is that the age of global finance, 'far from eclipsing the age of imperialism, in fact strengthens it greatly'. To start with, the restriction on the manoeuvrability of the State in even the developed industrial nations, placed by fluid financial capital, is hardly even in its incidence. Since the dollar is still as good as gold, the United States is able to easily finance its fiscal deficits, and is therefore definitely better off than the others from the point of view of the ability to stimulate economic activity through State intervention. And to the extent the US can and chooses to serve as the locomotive of global capitalism, the level of international economic activity is not determined purely by market forces. Any such rise in economic activity has as its counterpart a rise in the profit-margins earned by the manufacturing sector in the developed countries, influenced by higher financial sector returns and a shift in the terms of trade against primary commodities. Further, in periods of recession in the developed countries the thrust into export markets in the developing countries, supported by the flow of global finance to pay for developing country imports leads to a deindustrialization of the latter. That is, the globalization of finance has very differential effects on different segments of global economy, resulting in a reproduction of international inequality. If at all growth has to occur in the developing world, it would be in those countries which deny freedom to financial interests as was initially true in East and Southeast Asia. In fact, many would argue that it is precisely the weakening of controls over the operation of global finance that explains the problems being faced by some of these countries, like Thailand, today.

The reasons for the success of the East Asian countries and the special problems faced by some of them in recent times are analysed in other articles included in this issue. The central theme which runs through all of them is the crucial role of the State in explaining the East and Southeast Asian success

stories. The experience which illustrates this point best is that of South Korea, analysed in an article by Sudip Chaudhuri. Three factors seem to underlie that success: (i) the special relationship that South Korea had with US imperialism, as one among the many frontiers with communism, which gave her access to international capital and markets; (ii) the role of the State which used a number of non-market instruments to achieve well formulated goals; and (iii) a nationalist framework of policy-making which emphasised indigenism over foreign investors, allowing for substantial domestic capability-building.

In Indonesia as well, Jayati Ghosh argues in her paper, the State played an overwhelming role in economic activity. In fact, that state (under Suharto) has been very much a part of an identifiable pattern of authoritarian regimes that have been associated with several of the more economically dynamic Asian countries. This paper seeks to address two questions relating to the Indonesian experience after 1966: (1) What was the nature of the Indonesian state, and how did it affect or determine the pattern of economic growth and industrialization? (2) To what extent can this pattern of development be judged a success, even in purely economic terms of growth and distribution?

Two crucial economic factors have been instrumental in preserving the power of this regime for such an extended period. First, its strategic position in the economy, resulting from its command over the dominant sources of wealth—oil, natural gas and minerals—as well as its tight control over most other economic activities. Second, from its very inception, this regime sought integration with international industrial and finance capital to form a broad economic and political alliance operating at the national level. This alliance, which includes the large bourgeoisie and landlord classes within the country, has been immeasurably strengthened by the continuous political and economic support it has received from international capital, and particularly the official backing from the USA and Japan.

It is also not very clear how far this process of rapid industrialization and employment generation in certain sectors can go, or whether it will be sustained for enough time to actually cause structural transformation. Certainly, the advantages the Indonesian state earlier possessed for international capital—of geo-political subordination and the assurance of a repressed labour force—are less attractive in a world in which many other states are keen to offer the same package. For that reason alone, and even leaving out the possibilities of internal socio-economic conflict, the coming decade may prove to be a more testing time for such authoritarian capitalist states in developing countries.

Utsa Patnaik is concerned with a wholly different issue, viz. the less publicized consequences of the reform in China which is hailed as having generated one of the greatest economic success stories in recent times. Her focus is on the reform of the agricultural sector which involved the dismantling of collective production and the introduction of substantial elements of private property and private decision-making in production and investment. This

has resulted in major structural shifts in the commodity composition of output, in the employment profile and in the sources and distribution of incomes and consumption patterns. Those shifts in turn entail the reemergence of problems with regard to food security and of unemployment, which characterize large developing market-economy countries, and which China had managed to overcome during her years of collective agricultural production.

Many of these tendencies can be analyzed as part of a pattern which applies over the East and Southeast Asian region as a whole. Sunanda Sen looks at the growth performance of three countries—Indonesia, Malaysia and Thailand—with the focus on their relation to global developments with regard capital flows. Her major conclusion is that success was crucially related to State surveillance of the process of integration with the world system. While it is true that these countries were the principal beneficiaries of the redirection of FDI and portfolio flows to developing countries, the opening up of the financial sector that both stimulated such flows as well as partly resulted from them, has substantially increased the financial fragility of these countries and is challenging the sustainability of their high growth trajectories.

Finally, C.P. Chandrasekhar assesses the view that globalization has reduced external vulnerability and rendered irrelevant the premises underlying the interventionist industrialization strategies pursued by most developing countries during the three decades after World War II. Not only does the evidence point to persisting and increasing vulnerability, but it also suggests that the proclaimed benefits of globalization have not been realised in most developing countries. Hence, though the new context warrants a change in industrial strategy relative to that pursued in the less integrated world of the 1950s, the prerequisites it sets requires the presence of the developmentalist state as a major player from the point of view of growth, and not just equity, in the developing world.

C.P. CHANDRASEKHAR

Globalization of Capital and the Theory of Imperialism

I

I believe that the following would be accepted more or less as constituting certain 'stylized facts' about the capitalist world economy of today.

First, there is a tremendous globalization of capital in the form of finance, so much so that trade-related financial flows account for just about two per cent of total cross-border financial flows.

Secondly, notwithstanding sharp increases in the DFI flows internationally, their total magnitude still remains comparatively small; they still have not broken free from the situation where the North invests largely within the North; and even within the South they tend to come only to those countries which have high levels of domestic savings anyway. In short, a break with the historical pattern of DFI flows highlighted by Nurkse and others to a point where capital-in-production is so mobile that merely removing barriers to its flow would automatically shift it to low-wage countries, is nowhere in sight. To put these first two points sharply, what we have witnessed so far is globalization of capital-as-finance but not globalisation of capital-in-production.

Thirdly, this tremendous financial fluidity has undermined the ability of the nation-State to intervene in the economy to maintain high levels of activity. This explains to my mind not only the high levels of unemployment prevailing in the capitalist world, but also the crisis which afflicts all 'isms' which invoked an interventionist State, viz. Keynesianism, Social Democracy, Socialism, Third World Nationalism, and even Communism.

Fourthly, notwithstanding differences among the advanced capitalist countries on numerous issues, and their rivalries in matters of trade, the present conjuncture is marked on the whole by a far greater degree of unity among them than has been the case over the last hundred years (except the post-war situation when there was a sort of artificial unity imposed by U.S. 'superimperialism' upon the vanquished and the rest of the victors of the war alike). This unity in turn owes not a little to the fluidity of finance which has attenuated the scope for the activities of the nation-State.

*Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

Fifthly, this fluidity of finance represents globalization in the double sense, not only in the sense that finance flows everywhere, but also in the sense that it is sucked out of everywhere, be it from Gorbachov's Soviet Union, or from Latin America, or from India and other third world countries. In other words, it is not just finance from the advanced capitalist countries flowing everywhere, largely in the form of 'hot money', for quick and speculative gains, but finance all over the globe looking for opportunities all over the globe.

II

The question which arises in this context is: if these are the 'stylised facts', then is the use of the word 'imperialism' to *describe this new conjuncture* justified any longer? Imperialism necessarily entails an unequal relationship between two parts of the globe, the domination of one part by another. To be sure, this domination is a fact of life, this unequal relationship is there for all to see. But, to what extent is that not a legacy of the past which is out of step with this new, and currently unfolding conjuncture?

This question deserves to be taken seriously. When Karl Kautsky had visualized a state of 'ultra-imperialism' where there would be 'joint exploitation of the globe by internationally-united finance capital', this international unity still referred to that between the advanced capitalist nations. But if we are talking about 'internationally-united finance capital' in the sense of financial interests belonging to the entire committee of nations moving around and acting in unison, not necessarily with the consciousness of belonging to particular nations, then there is no longer any question of a dichotomy among nations within the world. True, these internationally-united financial interests are responsible for stagnation and high unemployment, but this affects everybody, not just one part of the globe; if to placate these interests welfare expenditures and social wages have to be cut, then this is so everywhere, not just for workers in the backward economies but for workers in the advanced economies as well, and the fact that the former have a higher level of wages to start with is irrelevant in this context. The fact that national economies become the plaything of speculative forces with nation-States being reduced to the role of helpless spectators, where the concept of sovereignty is necessarily abridged, can be observed not just in some 'banana republics' but in Britain as well. In short, what we are witnessing is the coming into being with a vengeance of the 'age of global finance'; but by the same token are we not seeing the eclipse of the 'age of imperialism'? This question itself may appear strange to anyone brought up in the Leninist tradition where imperialism *was* the era of domination of finance capital; but essential to Lenin's conception of finance capital was the domination of the globe by a handful of rich nations and intense rivalry among them, a conception which, no matter what its relevance in the future (and I would argue that it is relevant), does not appear plausible today.

What I discuss in this paper is this question, and I would argue that the age

of global finance, far from eclipsing the age of imperialism, in fact strengthens it greatly, even while altering and thickening its texture.

III

The first, preliminary, thing to note is that this conception of all nation-States being on a perfectly equal footing in the matter of their incapacity to intervene for raising the level of domestic activity is an erroneous one. There is one country whose currency is believed to constitute a safe medium of holding wealth (and in the absence of such a currency the capitalist world would witness serious inflation because of a rush to commodities, as happened according to Kaldor in the immediate aftermath of Nixon's dollar depreciation), and in whose currency, or currency-denominated assets, already so much of the world's wealth is held that all countries have a vested interest in protecting its value (quite apart from considerations arising from trade rivalries). That country of course is the United States, which in this respect has an altogether different standing from all other capitalist countries as of now. The consternation in Japan at the recent depreciation in the dollar vis-a-vis the yen only underscores the point; it was so great that it brought charges of incompetence against the Murayama government for having permitted this to happen.

Putting it differently, despite the collapse of the Bretton Woods arrangement and the official enshrining of the dollar as being 'as good as gold', the dollar still remains the fulcrum of the international financial system, which is why the U.S. could run such enormous fiscal deficits with impunity for a whole decade between 1983 and 1993. And the reason for the cessation of fiscal deficits of such enormous magnitudes (the reduction is still not all that large) have more to do, at least immediately, with U.S. domestic compulsions rather than considerations of international sustainability (though needless to say such sustained deficits increase greatly the fragility of the capitalist system over time).

In other words, in the matter of capacity to stimulate activity through State intervention, all countries may or may not be equal, but one certainly is 'more equal than the others'. And that economy, some American economists used to point out earlier, provides the 'locomotive' which pulls the level of activity in the entire capitalist world (on this more later). Financial fluidity thus does not mean that the level of activity in the capitalist world is determined by something called the 'market forces'. It was determined *inter alia* in a specific manner, linked to US policy, and some argue that this has changed after 1993. True, the level of activity cannot be as high in the capitalist world today as would be the case if Keynesian demand management policies could be pursued everywhere (though the high level of unemployment, having also to do with structural changes occurring everywhere, is not simply a reflection of this); but *it has still been subject to some degree of control by the leading capitalist power of the time.*

IV

Now, this 'locomotive' theory, while it may be applicable to the advanced capitalist world, is entirely inapplicable as far as the non-East Asian third world is concerned. Or, putting it differently, the nature of capitalist growth as we have seen in the 'era of global finance' is positively detrimental to much of the third world. This is because while such growth as has occurred during the Reagan boom and subsequently in the advanced capitalist countries has created hardly much by way of demand for manufactured goods from the non-East Asian third world, it has had the detrimental effect upon the latter (quite apart from that through the high interest rates during the period of U.S. monetary stringency) of highly adverse terms of trade for primary commodities.

Since this is an area abounding in misconceptions, a few clarificatory remarks are in order here. A typical argument one often comes across is the following: the reason for the sharp terms of trade decline for primary products in the eighties was the slow growth in the advanced countries. As the *Trade and Development Report* (1994) of UNGTAD puts it: 'It is largely because of that deficiency (of demand) that the basic factors of production—labour and raw materials—have been in excess supply globally, with . . . primary commodity prices falling (until very recently) to record lows' (pp. 92–93). The fact that the terms of trade depend upon the state of excess supply in the primary commodity markets is often justified by invoking Kalecki's well-known remark: 'Generally speaking, changes in the prices of finished goods are 'cost-determined' while changes in the prices of raw materials inclusive of primary foodstuffs are "demand-determined"'.

Kalecki's remark however says nothing about the terms of trade, and except possibly in the short-run the latter *do not* depend upon the state of excess supply either in the primary products' market or in the manufactured goods' market or in both markets. A recession in the manufacturing sector, may, in the short-run *if the absolute level of prices is rigid*, turn the terms of trade against primary commodities since the latter experience mainly price-adjustment, and not output-adjustment, with respect to demand changes. But this is only in the short-run. In so far as manufactured goods prices are cost-determined and these costs are largely based on primary commodity prices, a protracted shift in the terms of trade in favour of one or the other sector can come about only on account of change in at least one of three factors: the primary commodity input per unit of the manufactured good, the unit wage cost in manufacturing reckoned in terms of command over the primary commodity, and the magnitude of mark-up over the unit prime cost in the manufacturing sector.¹ The state of excess supply, it should be noted, does not enter the picture at all.

The reason for the sharp shift in the terms of trade against primary commodities in the eighties lay primarily in a rise in the profit-margin in the manufacturing sectors in the advanced countries, and secondarily in the fact

that despite a decline in the product wages in the manufacturing sectors of these countries relative to labour productivity, the unit labour cost in terms of the primary commodity (as the numeraire) went up. Taking the seven industrial countries together, OECD figures suggest that the real rates of return on capital investment in the business sector rose sharply from around 12 per cent at the beginning of the 1980s to more than 15 per cent by 1992-93. A part of it came from better capacity utilisation but a part reflected increased profit-margins (the two in any case, we argue below, are functionally related).

But the crucial point is this: the rise in the profit-margins in the manufacturing, or, more generally, business sector, was itself a result of the high rates of return being earned in the financial sector. Indeed the mechanism through which the profit-margins went up during the 1980s was something like the following: the extremely attractive rates of return being earned on financial and speculative investments acted as a dampener on real productive investment in plant and machinery; on the contrary, to the extent that any possibility existed of shifting out of productive to financial asset-holding, this was utilised through a faster rate of scrapping of productive assets. The net result was that additions to productive capacity were very little even as demand increased owing to rising U.S. fiscal deficits and rising credit-financed consumption. The rate of capacity utilisation increased and with it the profit-margins in the manufacturing sectors of the advanced capitalist world. This was perfectly consistent with high, and in some cases even rising, unemployment, since the scrapping we have referred to above also meant retrenchment of workers; but it simultaneously entailed an adverse shift in the terms of trade for primary commodities which unleashed economic retrogression in vast tracts of Africa and Latin America. The annual average percentage change in output during the decade of the 1980s was 2.8 for developed market economies, 1.3 for Latin America and 1.9 for Africa; both the latter figures were way below the respective population growth rates which meant absolute declines in per capita output.

To sum up then, the proposition that globalization of finance introduces stagnation and retrogression in the real economy everywhere in a 'democratic manner' by undermining universally the possibility of demand stimulation by the nation-State, though containing an element of truth, is nonetheless off the mark. It creates (or at any rate created in the 1980s) scope for growth of a *certain nature* in the advanced capitalist world. This nature was such that instead of pulling up the third world, it had the opposite effect of actually smothering the latter. Built into the nature of growth in the era of global finance in other words is an intrinsic dichotomous effect upon the two segments of the globe.

V

The second point to note is that this dichotomous effect is compounded by an additional factor. During the boom, even if capacity utilisation may be

rising, the system still remains demand-constrained; during the recession of course the demand-constraint intensifies. There is in all seasons therefore an attempt to find markets elsewhere at the expense of other producers, producers who are smaller, weaker and with lesser staying power, i.e., at the expense of producers in the backward economies. Indeed once we recognise that in the era of global finance the scope for demand management through State intervention is limited, it necessarily follows that matters simply would not get left in a state where recession is 'democratically' distributed across countries; efforts would get necessarily made to export recession, and in accordance with capitalist logic this would necessarily mean export to backward countries where the producers have lesser staying power.

In discussing the different moments of the process of capital accumulation, Marx gave special emphasis to what he called 'centralization of capital', i.e. the formation of larger and larger blocs of capital through the fusion or destruction of a multitude of smaller capitals. The pace of centralization of capital, especially through the destruction of many small capitals by a few large ones ('one capitalist kills many'), is particularly rapid in periods of capitalist crisis which manifest themselves as periods of recession. What Marx had said in the context of a capitalist economy (and his propositions in this respect, propositions such as that large capitals take over small ones, and *not* more 'efficient' ones or more 'profitable' ones ousting less 'efficient' or less 'profitable' ones, have been vindicated repeatedly by later empirical research), holds equally well in the realm of the world capitalist economy. Periods of intensified demand-constraint are periods in which the pace of centralization of capital on the world scale accelerates; and this centralization of capital shows itself within the backward economies as a process of 'deindustrialization'. The phenomenon of globalization of finance, which intensifies the demand-constraint by undermining the usual procedure of overcoming it (namely, through appropriate State intervention), simultaneously therefore gives a stimulus to the process of deindustrialization in the backward economies.

Indeed this deindustrialization dovetails very well with the operations of globalized finance. It is obvious that for 'financing' deindustrialization the backward economy must have access to credit, i.e. to imports of finance capital. Such imports are organized in two ways: the first and the more obvious way which characterizes economies with the so-called 'bank-based systems' like Japan (on which more later) is where banks of the exporting country make credit available to the importing country for paying for the purchase of commodities which would displace domestic producers in the latter. This is usually undertaken with respect to investment projects, where an alleged financial problem afflicting the public sector which generally happens to be the domestic equipment producer is used as an argument for obtaining foreign credit to import equipment and finance deindustrialization. (Credit not from banks from the equipment-exporting country but from the

World Bank and other multilateral agencies can play the same role but has been dwindling importance.)

The second way is somewhat more bizarre. Finance pours into the economy, as it well might, for purely speculative purposes, and this leaves the recipient economy with two choices: *either* it lets the currency adjust, in which case there is an appreciation in its currency value, and domestic deindustrialization across the spectrum with no addition to the foreign exchange reserves; in other words, the current account of the balance of payments is made to adjust to the capital account, with the foreign exchange flowing in on the capital account being used up for financing a current account deficit which has arisen because of this very inflow pushing up the currency value. *Or*, the country accumulates foreign exchange reserves and keeps its currency value stable, but with reserves accumulating there is growing pressure (often on entirely spurious monetarist-theoretical grounds) for removing all residual restrictions on imports, especially of consumer goods, and enlarging on the whole the magnitude of imports, which, if carried out, would once again have meant the use of borrowings for financing deindustrialization.

In short, the tendency towards centralization of capital, far from conflicting with the operations of globalized finance, actually fits in very well with it. To be sure, the reason why foreign goods are preferred to domestic goods has nothing necessarily to do with 'efficiency' which is a complex concept anyway. It is a reflection partly of what we have called the 'lesser staying power' of the domestic producers; but it also has to do in basic sense with the cultural hegemony which the West exercises on the elites in the backward economies.

VI

But this is by no means all. I have given so far only a *partial* picture of the dovetailing of global finance with third world deindustrialization, suggesting how the *producers* in the advanced countries are beneficiaries from this dovetailing. What I have not done is to show how *finance* itself benefits from this dovetailing. Indeed, and this is the third point to note, finance benefits both on the swings and on the roundabouts.

When it flows in, it does so for garnering large speculative gains, in real estates, in stock-markets, etc. Since the interest rates offered on foreign exchange deposits in third world economies (strapped for foreign exchange in a world with adverse terms of trade for their products) are also much higher compared to what prevails internationally, even the meanest rentier who is incapable of making speculative 'kill' still does pretty well by bringing in finance into the third world economy.

Now if this finance is used up in paying for a splurge in imported consumer goods which simultaneously entails a process of deindustrialization of the domestic economy, then *when the time comes for finance to flow out the*

country is once again strapped for foreign exchange. And then it is forced to adopt a whole series of measures to entice foreign exchange to stay within its shores, measures which include selling off rights over mineral resources 'for a song', selling off public sector assets at throw-away prices, making prime land available to rentiers, etc. Since these rentiers are not just domestic nationals, but happen preeminently to be foreign nationals from the advanced capitalist countries, what this entails is a process of 'denationalization' of the country's assets. In short, from the point of view of the recipient country deindustrialization of the economy is paid for by selling off national assets cheaply to international rentiers, entailing *inter alia* a process of denationalization as well. *The rentiers do well when finance is flowing in; they do even better when finance threatens to flow out.*

VII

Finally, lest all this be dismissed as mere speculative theorising, something which belongs to the realm of 'could-be-need-not-be', I would like to suggest that a reasonably foolproof system has been evolved for ensuring that this would actually come to pass, and that involves the World Bank and the IMF. Suppose a country decides *not* to enlarge its import bill or liberalize consumer goods imports; suppose a country decides *not* to privatize public sector assets; suppose a country which is receiving substantial inflows of foreign finance, decides *not* to fritter its reserves away in importing luxury consumer goods but to enlarge welfare expenditures or public investment in crucial infrastructural areas on the strength of these reserves (which does *not* necessarily mean using up these reserves because substantial domestic stocks/unutilized capacities usually exist in economies undergoing IMF-imposed deflation). Then the Washington institutions, to the extent that the country is bound by conditionalities, enforce them. But even when there are no conditionalities as such, *notwithstanding the large accumulated foreign exchange reserves*, they start demanding an exchange rate depreciation, on the grounds (since their theory does not recognise the possibility of demand constraints) that such a level of fiscal deficit is unsustainable at the prevailing exchange rate, or that the prevailing rate of inflation (which is caused by cost-push administered on their advice rather than any increase in money-supply owing to 'excessive' reserves) demands a lowering of the exchange rate.

Once they make these demands, which of course become an open secret, speculators start expecting a depreciation, and the reserves begin to vanish, forcing the government to back down from the autonomous route it had temporarily charted for itself.

VIII

The role of the Washington institutions *inter alia* in defending the interests of globalized finance capital is not confined merely to providing space for it within the third world itself. This role extends to enforcing a comprehensive set of measures involving deflation and devaluation upon the primary

commodity producing third world economies whose overall objective is to ensure price-stability in the metropolitan centres which act as the *entrepot* for global finance. To be sure, large-scale unemployment in these centres which breaks the back of the trade union movement helps in the process, but ensuring that primary commodity producers are not able to jack up their prices is also an essential part of the strategy.

Inflation is never to the liking of rentier interests: 'the price increase in the upswing', as Kalecki put it, 'is to the disadvantage of small and big rentiers and makes them "boom-tired"'. Besides, the viability of a system based on monetary contracts depends crucially upon keeping the rate of price increases within strict limits. Inflation however arises essentially as a result of competing claims which cannot be reconciled, i.e. when the *ex-ante* claims upon output of the workers, the capitalists and the raw material producers add up to more than the output itself. If at least one of the claims itself could be squeezed *ex-ante* to the required level, then there would be no cause for inflation whatsoever. Since workers in the primary commodity sector are often unorganized, and are also located within vast labour reserves, their *ex-ante* claims are in any case squeezable, a fact which underlies the social stability of metropolitan capitalism, but this diminution of the *ex-ante* claims of the primary producers of the outlying regions is further helped by the IMF's policy-package. Since all countries, even if they constitute competing exporters of the same primary commodity and of nothing else, are asked to implement the same package which involves all of them in competitive deflations-cum-devaluations in the name of promoting exports, this helps to lower the absolute level of the dollar price of the relevant commodity in the midst of ongoing inflation, and hence helps to bring down inflation at the expense of the primary sector workers producing this particular commodity. Thus the IMF package, in this general sense too, is conducive to the interests of financial capital.

IX

Breaking down the possibility for autonomous State action for promoting growth in the outlying regions is thus central to the objective of the IMF and the Bank. And it is this fact of the removal of a crucial *agency* of development which explains why, when foreign exchange flows in, admittedly for speculative purposes, the third world country cannot use this resource for productive investment, but holds it instead as idle reserves *at best*. Putting it differently, since enhanced reserves represent after all an additional command over resources, even hot money flows should be able to add to the pace of capital formation if properly utilised. Why don't they?

The problem however is two-fold: the minor problem relates to the fact that using reserves built up with hot money for undertaking investment implies in essence that the country is 'borrowing short to invest long' which exposes it to potential crises. But even if this is tackled by choosing short-gestation, foreign-exchange-earning investment projects, there remains a

major problem, namely, there has to be an *agency* that must take the lead in stepping up capital formation; and an economy under Fund-Bank thralldom lacks such an agency. Since the State is increasingly forced to withdraw from its investment role it cannot step up investment directly. Since the State cannot order private investment, it can stimulate the latter only indirectly; but the obvious indirect instrument, namely the interest rate, can scarcely be used for fear of frightening international rentiers. And portfolio investment which typically stimulates stock-market booms makes speculation more attractive than productive investment for the domestic capitalists. Finally, since 'market-friendliness' takes the form *inter alia* of trade liberalization which brings in MNC products to the local market; this fact tends to dampen the inducement to invest of domestic capitalists. The upshot is that foreign exchange reserves accumulate even as productive investment languishes.

X

The successfully industrializing East Asian countries are marked precisely however by their extraordinarily high rates of productive investment, financed to a degree by DFI inflows, but largely by domestic savings. The economic regimes of these countries in other words are very different from what the Fund and the Bank impose upon the third world in the name of structural adjustment. In many ways they constitute examples in the contemporary world of neo-mercantilist regimes which are a far cry from the so-called 'liberal regimes' lauded by the Fund and the Bank and a large number of neo-classical economists.

The precise international and internal conjuncture that throws up such neo-mercantilist regimes in one particular part of the world is something which is outside the scope of the present paper and would require among other things an excursus into history. But one aspect of these regimes needs to be noted here. And that is that they have managed to keep themselves hitherto outside the vortex of globalized finance. Remaining outside the pale of structural adjustment has of course been a necessary condition for this, but since the rentier interests operating in the domestic economy usually play a significant role through their speculative activities in the ushering in of structural adjustment, the texture of the economic regime that has thwarted these interests must have been quite decisive. *These regimes, in other words, are marked from the beginning by a denial of the degree of freedom to financial interests and financial markets which exists elsewhere.*

Demarcating the characteristics of successful late-industrializers from the early ones has been an exercise which has occupied authors as diverse as Alexander Gerschenkron and Barrington Moore Jr. In this tradition a significant distinction has been made of late between 'market-based financial systems' and 'bank-based financial systems', of which the latter, Japan being a prime example, is considered more conducive for State intervention and rapid growth (or what I would call the whole gamut of policies constituting neo-mercantilism).

Underlying this distinction, however, is a basic difference in the relationship between industrial and finance capital. That such a difference cannot only be seen today but goes back even to the turn of the century where it can be discerned in the contrast between Britain and Germany (a late-industrializer with substantial State intervention) is perhaps undeniable. In his attempt to provide a uniform picture of monopoly capitalism, Lenin assimilated the two divergent cases under the single concept of finance capital, namely the case of Britain where finance capital really referred to what Hobson called 'high-finance' (the City), and Germany where the concept came closer to the Hilferding-Bukharin notion of 'coalescence of banks with industry'. Financial interests had a far more pre-eminent role in the former (and some would argue thwarted British industrial growth in certain periods) than in the latter where the trinity of State-industry-finance, cemented *inter alia* by what Hilferding called 'personal union', served to build up a strong national economy in record time through the pursuit of neo-mercantilist policies.

When we talk of globalized finance today in whose vortex much of the third world is caught, it is finance of the Hobsonian kind that we are referring to; and the East Asian regimes have successfully avoided this fate till now because from the very beginning, and again owing to historical reasons, they have been marked by a very different relationship between finance, industry and the State, reminiscent in some ways of the earlier German pattern.

XI

The question naturally arises: if being caught in the grip of structural adjustment and the operations of globalized finance dooms much of the third world to stagnation and economic retrogression of a kind quite different from what the advanced countries experience, then what is the alternative available to it? Is there any scope for praxis?

This question in turn can be split up into two questions: first, in so far as space for third world praxis is best achieved when the advanced capitalist world is characterized by what Lenin called 'inter-imperialist rivalry', which is not particularly marked at the moment (one of our 'stylised facts'), what are the chances of such rivalries re-emerging? And secondly, even if inter-imperialist rivalries do not get accentuated, does any scope for third world praxis still exist?

The answers to these questions are difficult because they still remain hazy. They will emerge with clarity only in the course of time. Nonetheless one can hazard some guesses. As regards the first question, it is impossible to imagine that the levels of unemployment prevailing in the advanced capitalist world would become a perennial feature of metropolitan life without causing serious social disruptions. And any attempt, *no matter what its nature*, to reduce the levels of unemployment would necessitate a revival of the nation-State, and controls over financial fluidity. True, such attempts in the context of the advanced capitalist world could well come from the Right, rather than

from any radical quarters, in which case such a revival would have a very different complexion, entailing chauvinism and jingoism, from the welfarist and social democratic conceptions of the post-war era; and the tremendous spread of racialism and neo-Fascism all over Europe may be a pointer in this direction. But, no matter what the nature of the revival of the nation-State in the advanced capitalist countries, any such revival would once again create the space required for a similar revival of the nation-State in the third world. This is not to say that one should welcome Right-wing nationalism in the advanced capitalist world, or be indifferent between a radical revival of the nation-State and a chauvinistic revival; this is only to underscore the fact that it is impossible to visualize such a revival not occurring. If the world looks somewhat Kautskyite at the moment, that does not by any means signal the victory of the Kautskyite perspective in the debate between Lenin and Kautsky.

As regards the second question, to say that any alternative to the current set of policies presupposes *international* coordination, and can no longer be based on a national, or any kind of a spatially-restricted, response, a proposition which some radicals argue, is vacuous: it amounts *de facto* to conceding that a feasible alternative to the current set of policies does not exist.

The fallacy in my view lies in believing that an undermining of the 'control' area' of the nation-State is tantamount to an impossibility of intervention. What such undermining does is to impose an important additional *constraint* upon the nation-State; the nation-State cannot certainly intervene in the *old* way. It can now intervene with some degree of success *only* if it takes this constraint into account.

Specifically, for economies like India this involves that the volatility of financial flows has to be kept under check through a combination of: (i) direct regulations; (ii) an overall sound balance of payments (in relative terms, which is not synonymous with neo-mercantilism); (iii) and, above all, through a development strategy which ensures economic advance with social stability.

This is not the place to outline an alternative programme, which in case has been discussed in great detail elsewhere. But an essential component of any alternative programme over and above the mere nitty-gritty of an economic strategy must be a strengthening of democratic institutions and structures. Only then would its appropriation by the basic classes be a productive and more durable one. In other words, what is essential is not a new bout of social engineering, but a genuine process of social transformation which expands the direct political intervention capacity of the basic classes. Much has been written on the State-versus-market dichotomy, and much of it is facile. If the State is not sufficiently accountable to civil society then it has to be made accountable; but this cannot be ensured merely by a *formal* change in its character. Such a formal change has to be accompanied by a substantive expansion in the capacity for direct intervention on the part of the

very classes in whose favour the formal change in the character of the State is supposed to have occurred. Putting it differently, the State-versus-market debate is a red herring which sidetracks the real debate: greater or lesser democracy for the broad masses of the people.

The fact that globalization of finance has made the pursuit of progressive economic policies more difficult is obviously undeniable. But, in focussing upon this phenomenon exclusively, we run the risk of missing the dialectics between the external and the internal, of completely ignoring the possibility of domestic mobilization, of ignoring the effect of this mobilization upon the ability to tackle the external constraints, in short of ignoring the 'totality' of the situation which defines the scope for praxis. Into the constitution of this 'totality' what enters is not only the changes occurring at the level of world capitalism, but also the level of political mobilization of the masses domestically. Ignoring this is methodologically erroneous.

NOTES

1. With mark-up pricing, the price of the manufactured good will be:

$$p^m = [p^a \cdot m + W \cdot 1] (1 + p)$$

where m represents the amount of primary commodity input per unit of manufactured good output, 1 the amount of labour input, p^a the primary commodity price, w the money wage rate in the manufacturing sector, p^m the manufactured good price, and p the mark-up. Dividing both sides of the equation by p^a gives us the determinants of the terms of trade mentioned in the text.

SUDIP CHAUDHURI*

*Government and Economic Development in South Korea, 1961-79***

Korea was a colony of Japan from 1910 to 1945. Following Japan's defeat and surrender in the Second World War, Korea was divided into two parts. The southern portion, South Korea, was put directly under the control of the American Military Government till 1948. A South Korean government was established in 1948 under Syngman Rhee, who remained in power till a Student Revolt forced him to resign and retire in 1960. A military coup in 1961 led by a Major General of the South Korean army, Park Chung-Hee, overthrew the government which succeeded Rhee. Park became the President and ruled South Korea as a dictator till his assassination in 1979.

The economic condition of South Korea in the 1950s was dismal. In fact when Park took over, the economy was passing through a severe crisis with decreasing growth and rising unemployment (Schwartz, 1989, p. 240). Park initiated and implemented an economic strategy, which transformed the economy and achieved remarkable economic progress. In the 1950s, South Korea like India was a typical low income Third World country. Today she is way ahead. With a GNP per capita of US\$ 8260 in 1994, she is closer to such high income countries as Portugal (US\$ 9320) and Spain (US\$ 13440) than she is to low income countries such as India (US\$ 320) and Ethiopia (US\$ 100) (World Bank, 1996, pp. 188-89). As in developed countries, the rapid growth has been accompanied by significant structural changes. Like the other Third World countries, South Korea was basically an agrarian economy around 1960 with about 68.3 per cent of the work force depending for their livelihood on agriculture, forestry and fishery and only 1.5 per cent on manufacturing. As a result of rapid economic growth, manufacturing became more important than agriculture by the late 1980s, with the former accounting for 27.7 per cent of the employment and the latter 20.7 per cent (Yoo, 1990, p. 7).

We concentrate in this paper on the South Korean economy during the 1960s and the 1970s when Park was in power. Park gave top priority to

* Economics Group, Indian Institute of Management, Calcutta.

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economic growth, which was regarded as a chief factor that would legitimize the military regime (Mason *et al.* 1980, p. 46). In fact he declared that 'the key factor of the May 16 Military Revolution was to effect an industrial revolution in Korea' (cited in Alam, 1989, p. 41). As we will see below, the government under Park introduced several new measures, which in their entirety reflect a particular strategy for economic development. After his death, there have been some changes in the approach of the government. Much of South Korea's dramatic economic changes took place during Park's regime. Gross investment as a proportion of GNP increased from 12.8 per cent in 1962 to 35.7 per cent in 1979. Exports increased from 2.4 per cent of GNP in 1962 to 31 per cent in 1979. GNP at constant prices increased at 9.5 per cent per annum during 1962-71 and at 9.6 per cent during 1971-79. The share of manufacturing increased from 13.6 per cent of GDP in 1960 to 30.6 per cent in 1980. By 1980, manufacturing absorbed 21.6 per cent of the workforce (Suh, 1989, pp. 14, 21; Yoo, 1990, p. 7).

Park's government did not neglect agriculture. The development of agriculture was actually impressive by international standards (Wade, 1983; Whang, 1987). But what transformed South Korea into one of the fastest growing economies of the world was the development of industries. We highlight below the role the government played in Park's industrialization strategy.

GOVERNMENT AND EXPORT PROMOTION

The growth of exports was a major factor behind South Korea's economic success. It went up from US\$ 55 (2.4 per cent of the GNP) in 1962 to US\$ 14705 (31 per cent) in 1979. The real (deflated by US wholesale price index) average annual rate of growth of exports was as high as 40 per cent during the first two five-year plans (1962-72) and about 28 per cent during 1972-79. The growth was predominantly in manufactured goods, with its share in total exports increasing from 27 per cent in 1962 to 90.1 per cent in 1979 (Koo, B., 1986, p. 6; Amsden, 1989, p. 55; Song, 1990, p. 61).

Export promotion was one of the first things which Park's government did in an organized way. Steps were initiated to change the biases against export activities. A conscious attempt was also made to make production for exports more profitable by providing incentives. Some of these measures were initiated by the previous governments. Others were added later. All these were combined to form a coordinated plan of action under Park.

The steps taken to eliminate the biases against exports included (i) devaluation (in 1961, 1964 and periodically thereafter), (ii) free trade regime for exports (completed by 1967) and (iii) no indirect taxes on domestic inputs used for exports (introduced in 1961).

South Korea went beyond this and provided different types of incentives to exporters such as accelerated depreciation (since 1966), reduced rates for infrastructure, electricity, rail and road transportation services (since 1967), reduced rates of income taxes, subsidized credit. Moreover, as a wastage allowance, exporters were permitted (since 1965) to buy duty free inputs in

quantities greater than what are required for production for exports and use these for production for the domestic market (Mason *et al.* 1980, pp. 127–32).

The government also intervened to reduce the risks and uncertainties facing the exporters. Guarantees were provided for repayment of foreign loans. Additional foreign debt burden due to devaluation were compensated by low-interest loans. The government also started the policy of buying merchandise from exporters with high inventory ratio and reselling them in the market or later to the original sellers. The risks of exports of new items were reduced by offering to the exporters the opportunity to earn higher profits from domestic sales. For TVs, for example, the domestic market was protected and the exporters were allowed to charge higher domestic prices to subsidise exports. In 1978, for black-and-white TVs, the domestic price was US\$ 180 against the price of about US\$ 42 in the export market. They were also allowed to import high quality radios, TVs, etc. and to sell these in the domestic market at high margins (Lim, 1981, pp. 23–29; Haggard and Moon, 1983, p. 161).

The government in South Korea however not only relied on these price incentives and subsidies. Under Rhee, exports did not pick up despite export promotion subsidies (Jones and Sakong, 1980, p. 92). What was crucial under Park was that a number of non-market instruments were also used to promote exports.

South Korea enjoyed some advantages which were not available to other Third World countries which tried to promote exports later. For political reasons, she enjoyed the advantage of preferential access to the large US market. Only a handful of developing countries received the majority of benefits under GATT's Generalized Scheme of Preferences. South Korea was the third largest beneficiary of American GSP with 63 per cent of her exports going to USA duty free even in 1980 when she developed into a major exporting country (Haggard and Moon, 1983, p. 162). The timing was also very important. South Korea started the export promotion policies in the 1960s when the world capitalist economy was on an upswing and world trade was expanding at a fast rate (Koo, H., 1986, p. 162). What is distinctive about South Korea (and a few other countries, for example, Taiwan) is that she took full advantage of these favourable conditions and implemented a strategy which relied not only on market instruments but on direct intervention by the government in many ways. It is important to note that the US Agency for International Development and the World Bank played active roles in devising the export oriented policies (Cole and Lyman, 1971, p. 205; Koo, H., 1986, p. 162). Some of what South Korea did as listed above do form a part of the standard neoclassical trade policies which these organizations promote. But as we shall discuss now, South Korea did much more than that.

The system of export targeting was introduced in 1962. The targets were comprehensive and specified the firms, the commodities and the markets to be penetrated. These targets were closely monitored. Daily contacts were made with the major exporters and problems, if any were directly tackled. A monthly trade promotion meeting chaired by the President himself and

attended by ministers, bankers, successful exporters, both big and small used to be held to supervise the progress and act accordingly (Jones and Sakong, 1980, p. 97; Westphal, 1990, pp. 44–6).

The government provided institutional support to exporters in various other ways. The Korean Trade Promotion Corporation was established in 1964 to conduct overseas marketing activities for Korean exporters. Korean Traders Association was authorized to collect 1 per cent of the value of imports from the importers and to spend for export promotion. Industrial estates were established, which not only provided the utility services but also had branch offices of ministries/departments dealing with imports, exports, finance etc. The government encouraged the formation of 'General Trading Companies' since 1975 to supplement the efforts of the Korea Overseas Trade Association (set up in the 1960s) to displace the Japanese and Western transnational corporations in export distribution and to increase the Korean gain from trade (Mason, *et al.* 1980, pp. 129, 138, 472; Schwartz, 1989, p. 259).

The government made a distinction between foreign direct investment (FDI) for the domestic market and that for the export market. While the former was regulated, the latter was accorded red carpet welcome as we will discuss below.

With an underdeveloped industrial structure to start with, most of the raw materials and capital goods required for exports were imported. While exports were increasing at impressive rates, imports were going up at an even faster rate. To tackle the consequent worsening trade balance and the foreign exchange problem, if South Korea had tried to control the imports, then exports would have suffered due to shortages of inputs. Reflecting its commitment to growth referred above, the government never resorted to contractionist measures of restraining imports to combat chronic trade deficits. It actually allowed the imports to increase and preferred the expansionist policy of financing the foreign exchange gap by ever-increasing external borrowings (Watanabe, 1985, cited in Chakravarty, 1987, p. 10). This turned South Korea into one of the major debtor countries. But she did not face a debt crisis. As discussed below, by promoting industries, the government tried not only to sustain the increase in exports but also to substitute imports. The earnings and savings of foreign exchange were sufficiently high to confine debt servicing to reasonable proportions. By 1986, the trade balance actually turned positive (Song, 1990, Table 5.1).

GOVERNMENT, IMPORT SUBSTITUTION AND DEVELOPMENT OF INDUSTRIES

Initially the manufactured goods exported by South Korea were technologically simple and labour intensive. South Korea not only promoted these goods for which she had a comparative advantage. She also consciously promoted domestic production of goods for which at that time, following the neoclassical logic, she did not have a comparative advantage. The most dramatic perhaps is the development of steel industry. A consortium of ten Western

countries and five international financial organizations approached by Park's government refused to help South Korea in setting up an integrated steel mill. The World Bank and countries such as USA and West Germany felt that the project was economically infeasible. Ultimately with Japanese technical assistance, the Pohang Iron and Steel Co. was established in 1968 in the public sector which turned out to be one of the most efficient in the world (Chang, 1985, pp. 113-14; Amsden, 1989, p. 291).

Export promotion and import substitution are often posed as two alternative development strategies. South Korea did not believe in any contradiction between the two. Import substitution was meant not only for domestic markets but also for subsequent export diversification. In some cases (steel and ships), such export activity followed import substitution almost immediately. For others (chemicals, machinery, automobiles) it followed after a lag (Amsden, 1989, p. 155).

Government expenditure decreased from 21 per cent of the GNP in 1961 to 19 per cent in 1979. It would be misleading to infer about the role of the government from such a decline. While the total government expenditure declined, government investment expenditure actually increased from 2.8 per cent of the GNP in 1961 to 5.8 per cent in 1979. When Park took over in 1961, government savings was negative (-1.8 per cent of the GNP). But the situation was soon reversed and government savings amounted to about 7 per cent of the GNP by 1979. By controlling the consumption expenditure and by increasing the tax revenue, the government started mobilizing resources for capital formation in the public sector. In the more recent years, indirect taxes have been the more important source of the increase in the tax revenue. But in the 1960s, the share of direct taxes in total taxes increased from about a third in 1961 to about half in 1970 (Whang, 1989, pp. 14, 16, 24). This was largely the result of improvement in tax administration and control of tax evasion. The Office of National Tax Administration was created with full political support from the President and a clear mandate to increase tax collections (Mason *et al.* 1980, pp. 320-21).

Apart from steel, public enterprises (PEs) initiated the manufacturing of a number of vital products in South Korea, for example, fertilizers, petrochemicals, refined petroleum products. The policy was to set up PEs in areas which are considered as essential but where the private sector were not yet ready to invest (Westphal, 1990, p. 49; Song, 1990, pp. 117-19).

The PEs played in South Korea a role which was more important than that in most of the countries of the world (Jones, 1975). But it was the private sector which has played the more dynamic role. Private investment increased at a much faster rate resulting in a decrease in the ratio of public investment to total investment from 26.7 per cent during 1962-66 to 16.5 per cent during 1977-81 (Choi and Lee, 1990, p. 62).

The Korean private enterprises however did not operate independently. Park, the chief architect of South Korea's industrialization strategy believed that government intervention is necessary for achieving rapid economic

growth. The launching of the five year economic plans was announced within 100 days of the assumption of power by Park (Amsden, 1989, p. 50). Allocation of resources were not be left to the market mechanism. The government was to decide the important economic activities to be promoted and mobilize and direct the flow of resources accordingly. The Economic Planning Board (EPB) was set up in 1961. The leadership's commitment to planning and economic development was reflected in the wide powers vested in the EPB. It not only prepared the plans, it also had budgetary powers to actually influence the flow of resources to different activities. It functioned as a superministry operating under the deputy prime minister enjoying strong presidential support. It coordinated the policies and programmes of all the economic ministries and was the main actor behind the heavy intervention of the government in South Korea's industrialization (Suh, 1989, p. 11; Choi and Lee, 1990, p. 65).

The government masterminded every major industrial project in the country during the 1960s and the 1970s (Amsden, 1989, p. 80). It promoted selected industries at a time. The industries designated as priority industries received massive support from the government for their development (Chang, 1993, p. 141).

Following the success of the petrochemical and steel mill projects during the Second Five Year Plan (1967-71), the development of heavy and chemical industries (iron and steel, non-ferrous metals, ship building, machinery, electronics, fertilizers, oil refining, cement, etc.) in fact became the government's priority. The Heavy and Chemical Industries (HCI) drive was officially announced by Park in 1973 in a Press Conference. The main motive of the HCI drive was import substitution of vital intermediate and capital goods and the creation of new sources of export industries. It was felt that development of HCI would reduce the import dependence for raw materials and machinery and hence contribute to the trade balance, which worsened throughout the 1960s. Another area of concern was the long term prospect of the labour intensive manufactured exports. Till about the mid-1970s, the main items of manufactured exports were such labour intensive goods as cotton textiles, apparel, plywood, wigs, consumer electronics which required simple technology. With rising protectionism in the West, especially in USA against labour intensive manufactured goods from the developing countries and the competition being faced from other developing countries with still lower labour costs, the export outlook was not optimistic. Diversification to new areas through HCI was visualized as an answer to these developments. Gradually the structure of manufactured exports changed in favour of capital and skill intensive products such as ships, steel, machinery, automobiles, computer electronics. The increase in South Korea's exports in the 1980s, for example, were most visible in the products which were promoted under the industrial policy of the 1970s (Haggard and Moon, 1983, p. 173; Kim, 1990, pp. 1-18; Yoo, 1990, pp. 18-27, 110; Amsden, 1989, p. 154).

Korean private enterprises were the main implementing agents of the

government's industrial policy. Business and government worked in close association with the latter as the senior partner. The pattern was established right at the beginning of Park's regime. Under a Law for Dealing with Illicit Wealth Accumulation, Park's government arrested the country's leading businessmen and threatened to confiscate of their assets. But in a meeting with ten of the business leaders, a deal was struck whereby criminal prosecution was dropped against them and they agreed to participate in South Korea's industrialization under government direction (Jones and Sakong, 1980, pp. 69–70). Except for the nationalization of the commercial banks, the government did not confiscate their assets. One outcome of such a close harmony between business and government was the rise and growth of 'chaebols', the large Korean business groups engaged in diverse activities and owned and controlled by one or two interrelated families. The government felt that the goal of rapid economic development can be attained not only by identifying target industries, but also target firms and helping these industries and firms to grow. The targeted firms were favoured over others. In return they were expected to deliver the goods. The chairmen of these firms were in fact personally accountable to the government. The government was not against monopolies. Rather the predominant view in the government was that big business is necessary to compete against the Western and Japanese oligopolies and penetrate the world markets. As a result, South Korea developed into a highly concentrated economy. The combined sales of the five largest chaebols (Samsung, Hyundai, Lucky-Goldstar, Daewoo and Sunkyoung), for example, accounted for about a quarter and the top ten about a third of the GNP by 1979 (Steers, Shin and Ungson, 1989, pp. 19, 35; Amsden, 1989, pp. 73, 116, 136; Kang, 1989, p. 31).

To direct the flow of resources to the desired industries and firms, the government used a wide variety of instruments, including control over credit, industrial licensing, import control, foreign exchange control, control over foreign investments, tax incentives, etc. (Mason *et al.* 1980; Westphal, 1990). During the 1970s, the effective tax rate on the marginal return to capital was about 20 per cent for the favoured industries compared to 50 per cent for the other industries (Yoo, 1990, p. 37). Import regime was liberal in the export industries. But imports meant for the domestic market were tightly controlled through a large number of tools including, trader licensing, quantitative restrictions, foreign exchange controls, customs tariff. Under the HCI drive, the proportion of items in the machinery sector, for example, which could be imported without government's permission decreased to 35.4 per cent in 1976 from 55.9 per cent in 1968 (Koo, B., 1986, p. 8). But regardless of what the declared rules said, Korean authorities could and did use their wide ranging powers to stall any imports they thought were not desirable (Luedde-Neurath, 1986, ch. 3).

By nationalizing the existing banks and by setting up the new banks in the public sector, the Park regime gained full control over domestic credit. In the early 1960s, the government introduced the system of foreign loan guarantees

which paved the way for massive foreign borrowing by private entrepreneurs. By providing the guarantees on a discretionary basis, the government exercised control over the cheaper foreign funds also. Such a complete command over financial flows was one of the most potent instruments used to influence the pattern of investments in the economy (Mason, *et al.* 1980, p. 475). The favoured industries not only received preferential loans. The rate of interest paid by them was about 5 to 12 percentage points lower than the discount rate charged by the commercial banks in the first half of 1970s and about 3 percentage points lower in the second half. Except in one year, the inflation rate being higher, the real interest rate was effectively negative (Yoo, 1990, p. 43). Much less important than the control over financial resources, but not to be ignored is the control over material resources through public enterprises (Chang, 1993, p. 153). As we have mentioned above, the government set up and owned several strategic industries including, oil, steel, electricity and gas.

Most of the instruments used by the government to influence industrialization are fairly well known and have been employed in many other countries. What is striking about South Korea is the combination of the different instruments and the co-ordinated plan of action to promote industries. Let us refer there to the electronics industry.

Among the major industries which contributed significantly to South Korea's development, electronics ranks high on the list. Starting from scratch in the 1960s, the Korean electronics industry became a force to reckon with in the world within two decades. The electronics industry was identified as one of the strategic industries to be nationally developed. Electronics Industry Promotion Law was passed in 1969 and a series of Basic Plans for Electronics Industry Development were announced by the government. In each of these plans, the approach has been to fix the targets to be achieved within the time frame, to identify the problems and weaknesses and to formulate and implement a set of co-ordinated strategies and policies. The projects selected received various financial, fiscal, administrative and technical help. A number of specialized agencies were created to provide administrative and technical support, for example, Korea Institute of Electronics Technology and Fine Instrument Centre (FIC), later incorporated into the Electronics Industry Association of Korea. FIC in particular played a very important role and acted as the main agency for implementing the government policy (Seongjae, 1988, pp. 1-9; Michell, 1988, pp. 143-45). Initially the stress was on assembly operations. In the late 1970s a conscious attempt was made by the government to develop the industry beyond the assembly stage. As a part of her Fourth Five Year Plan (1977-82), 57 items including semiconductors, computers, etc. were selected for simultaneous import substitution and export promotion. The government established an industrial estate for production of semiconductors and computers. It also set up a research institute in the industrial estate to look after importation of foreign technology and its further development. Among the other steps taken were to protect the domestic market against foreign competition and to restrict the entry of foreign enterprises. Joint

ventures were favoured over subsidiaries of foreign enterprises (Amsden, 1989, pp. 82–83).

The fast economic growth in South Korea during Park's regime was accompanied by a high degree of inflation. As the sharp increase in investment outstripped the resources mobilized, inflation accelerated to about 18.4 per cent during 1962–79, which is lower than that experienced in Latin America but significantly higher than that observed in most other countries (Amsden, 1989, p. 49). The government preferred growth to stability. We referred earlier in the context of rising imports and trade deficits that the government did not adopt contractionary policies of import reduction. Similarly here, the government did not contract investment but continued with its expansionary policies. As in the case of trade deficits, however, was brought under control in the 1980s (Song, 1990, p. 73).

It is not that the industrial policies pursued by the government never faced any problem or opposition. For the first time since the country began her industrialization in the early 1960s, exports declined in real terms in 1979 and the GDP in 1980. Negative economic effects in the late-1970s culminating in such a dramatic reversal of its growth in 1979 and 1980 have often been attributed to the HCI drive and it has been contended that but for the reversal of the HCI drive in 1979, the costs would have been dearer. The stabilization programme initiated in 1979 and the reforms of the 1980s which liberalized the controls on imports, financial sector, foreign investments, etc. and put greater reliance on the market mechanism and gave greater autonomy to the private sector are cited as evidences of the reversal of the HCI drive. It has been argued that the liberal incentives offered by the government lured many entrepreneurs to set up plants in the targeted heavy industries. This resulted in over capacity creation in these sectors and under investment in the light industries which were not favoured under the HCI drive. The sharp rise in aggregate investment was financed not by budget balances but by creation of credit through state controlled banks and increase in money supply. Demand increased in the economy but the supply situation deteriorated with the bottlenecks in the light industries. As a result inflation accelerated. Exports also suffered due to the apathy towards labour intensive light industries (Suh, 1989, pp. 26–31; Yoo, 1990, pp. 102–07; Haggard and Moon, 1983, pp. 175–79; Kuznets, 1982, pp. 71–81; Kim, 1990, pp. 29–39).

It is not proper to attribute all the negative economic consequences in the late 1970s to the HCI drive. The economy suffered from the second oil shock and crop failures in 1978 and again in 1980. The oil shock was particularly disastrous because it shrank the markets for the HCI products at a time when the new investments were being realized (Kim, 1990, p. 44).

Mistakes may be committed in implementing any programme of the size and scope of the HCI drive. These as such do not imply that the entire programme is a failure. Of course, the mistakes need to be tackled and it is significant that the government under Park before his death actually initiated corrective actions. Even if it were to be admitted that some of the investment

decisions were not proper, it does not follow that planning by the government was a failure. To properly assess the role of the government, it is important to analyze and understand whether the shift in the industrial structure could have taken place by relying on the market mechanism and whether the high growth of the 1980s could have materialized without such a structural change. It is important to note that the annual rate of growth of manufacturing in South Korea was 11.7 per cent between 1979 and 1988. This was significantly above the rate achieved by other countries at comparable levels of development, for example, Chile, Spain, South Africa. This would not have been possible without the 17.2 per cent growth in the heavy industries in South Korea. Moreover, as we have already mentioned, HCI contributed significantly to the revival and spurt in exports. Import substitution also improved. In fact almost all the industries promoted through HCI showed improvements in trade balances in the 1980s (Chang, 1993, pp. 135–36).

GOVERNMENT AND FOREIGN DIRECT INVESTMENT

With the defeat of Japan in the Second World War, Japanese capital in Korea was confiscated and eliminated. And during Japan's rule of Korea there was no Western direct investment. Hence, unlike typical colonial countries, South Korea did not have any FDI when the colonial rule ended. Thus South Korea started with an advantage. Controlling foreign capital became very difficult in other colonial countries in general because foreign capital dominated these economies and they continued to operate despite the politically independent status of these countries.

Japanese investments did not resume before 1965 when the relationship between the two countries was normalized. It also appears that the Western corporations were not too keen to invest in South Korea at least initially. There was no FDI project during the 1950s. FDI from the West began as late as in 1962 with a joint US–Korean venture to produce nylon filament yarn (Mason et al., 1980, p. 200). The home market was small. South Korea lacked most of the natural resources. And the political situation was uncertain.

The South Korea government on their part pursued highly nationalist economic policies. Unlike the Rhee government, most of the members of the 'administrative elite' of the Park government were educated not in Western countries but in Korea, Japan and Manchuria and were more conversant with the ground realities of Korea (Oh, 1990, pp. 32–33). Uncontrolled FDI was considered to be a threat to national development goals (Mardon, 1990, p. 119). The crux of their policy was the distinction between desirable and non-desirable FDI. They did invite and welcome desirable FDI and provided incentives for that purpose. But they also tried to control the other activities.

FDI for exports was identified as one of the desirable areas. South Korea was ready to do whatever the foreign enterprises wanted for export oriented investments. Among the incentives provided to foreign enterprises for production for exports were 100 per cent foreign equity, special laws ruling out industrial disputes/strikes, attractive tax and capital repatriation concessions,

duty free imports (Haggard and Moon, 1983, p. 150; Stoeber, 1986, pp. 231–32). In labour intensive products where technology is simple and can be manufactured by indigenous enterprises, FDI was allowed basically for providing international market access for increasing exports. Consequently, in these industries the share of export sales of foreign enterprises was found to be high but that of domestic sales low. Thus in textiles and apparel, the foreign enterprises accounted for 76 per cent of exports but only 7 per cent of total industry sales in 1978. Similar variations were observed in electronics, toys, musical instruments etc (Park, 1984, Table 2–2).

Even for FDI for the domestic market, on paper, the foreign capital policy does not appear to have been restrictive. On several occasions, as in the late 1960s, the government in fact offered liberal incentives, for example those related to profit repatriation, permissible foreign equity, tax treatment, purchase guarantee, duty free imports, guaranteed profit margins, 'one stop service office', to reduce bureaucratic problems. Public-relations firms were also hired in Western countries to promote FDI. Later in the early 1970s, the FDI policy announcements combined the incentives with some restrictions (Stoeber, 1986, pp. 231–36). But what is distinctive about South Korea is the gap between the law on paper and the law in practice. FDI was welcomed and encouraged but on a selective basis. FDI proposals were routinely screened in a discretionary way and approvals were not granted unless national objectives were satisfied (Luedde-Neurath, 1984, pp. 19–22). The incentives offered to FDI were effectively meant only for these approved projects.

One of the major tasks of the Economic Planning Board was in fact to co-ordinate the inflows of foreign capital and technology with the development plans. For the import substitution projects, the basic policy was to permit FDI in only those projects which were considered to be necessary but technology was not available locally and could not be imported through licensing. Government explicitly sought to limit foreign investment in sectors where Korean enterprises can be internationally competitive, where the foreign enterprises can be potential competitors to domestic enterprises in the overseas markets. FDI was excluded, for example, from most sectors that produce consumer goods. Till the late 1970s, FDI in the financial sector was strictly regulated. As the economy developed, foreign investment was no longer considered as a major threat to national control. It was only thereafter that the sector was opened up for foreigners (Coolidge, 1980, p. 374; Mardon, 1990, pp. 116–17, 122–24).

The government also tried to control the activities of those foreign enterprises which were allowed to operate in South Korea. Export requirements, discussed above, limited their access to the domestic market, while local content requirements in certain sectors have resulted in greater domestic linkages. Imports were monitored to check transfer pricing and to ensure that only those capital goods are imported which are necessary but cannot be produced in South Korea. No foreign enterprise was allowed to take over an existing Korean enterprise. Over 20 per cent of FDI was reacquired by the

Korean enterprises after they gained the technical knowledge. Such purchases were encouraged by the government by insisting on divestiture requirements in the agreements and providing subsidized credit for the purpose (Haggard and Moon, 1983, pp. 151–52; Mardon, 1990, pp. 134–37).

The control over FDI insulated most of the industries from foreign control. Except perhaps the electronics export industry, especially till the early 1970s, none of the industries were dominated by foreign enterprises. As a result, the influence of external interests in the industrialization process was checked. Even when FDI increased, as for example in the export processing zones, the role of foreign enterprises were restricted by limiting the access of these zones to the local economy (Schwartz, 1989, pp. 250, 255). South Korea was able to pursue such nationalistic economic policies without retaliation from developed capitalist countries. USA tolerated these policies because South Korea served America's security interest in northeast Asia (Mardon, 1990, p. 115).

The government recognized the need for foreign funds and technology. But unlike in many other developing countries, conscious attempts were made in South Korea not to depend on FDI for the purpose. It encouraged the Korean enterprises to go in for foreign loans rather than FDI. Where FDI was unavoidable, joint ventures were preferred. Fully foreign owned subsidiaries were discouraged except in the export processing zones. The long term burden was perceived to be less in the case of loan funds. Once the loan is paid off, ownership and profits remain in the country, whereas FDI continually drains the country through remittances. The Korean authorities also will have a greater say over the deployment of loan funds as per the national priorities. This was considered to be another major advantage of loan funds. As a result, not surprisingly, FDI played a minor role accounting for only 4 per cent of the net inflow of foreign capital during 1962–71, 7.9 per cent during 1972–76 and 4 per cent during 1976–84 (Mason *et al.* 1980, p. 477; Mardon, 1990, pp. 120–21).

A large part of the initial light export industries and the early import substitution projects in HCI required standardized and mature technologies. Necessary technology was imported through machinery imports and through workers with experience in foreign plants rather than through FDI. As South Korea entered the more sophisticated industries in the 1970s, the more complex technologies could not be imported in such a way. But South Korea encouraged Korean enterprises to import the required technology through technology licensing rather than through FDI (Kim and Lee, 1990, pp. 87–88). As we have already mentioned, FDI was allowed when it was unavoidable to import the necessary technology.

Technology imports through licensing were carefully regulated. The contracts for imports were screened to ensure that undesirable terms, for example restrictions on exports, on local R & D, and high royalty rates are excluded. Foreign technology was not seen as substitutes for local technology, but as its complement. The objective was to ensure that the advanced technologies

imported are properly assimilated to help further development of technology in the country. Hence efforts were made, in particular to see that there were no restrictive clauses on local R & D (Kim and Lee, 1990, pp. 88–90). A law was promulgated in 1973 which stipulated that enterprises importing technology will have to spend an amount, usually equal to the cost of imports for adapting and absorbing the foreign technology. To facilitate the assimilation of foreign technology and to enhance the level of local technological capacity, the government set up specialized technical agencies such as Korea Institute of Technology and Korea Advanced Institute of Science. The government also took the initiative and provided financial help to encourage the enterprises to have research institutes for specific industries (Bagchi, 1987, pp. 52–54). The foreign partners were also required to train the Koreans in technology, engineering, managerial and other skills. After the Koreans learnt the technology to operate the plants, further foreign help was avoided and expansion was carried out indigenously (Mardon, 1990, pp. 129–30).

GOVERNMENT AND DISCIPLINE OVER PRODUCERS

The government not only provided support to the private sector to influence the growth path of the economy. In exchange for the support provided, it imposed performance standards on private enterprises. Discipline has been exerted not only by rewarding the good performers but also by penalizing the poor ones (Amsden, 1989, pp. 8, 15). As we shall discuss below, behaviour was sought to be influenced not only by 'field manipulation', i.e., providing opportunities and hoping that they will perform but also through the 'command' mechanism, whereby the government compels them to perform (Jones and Sakong, 1980, ch. 4).

The emphasis on exports introduced the discipline of the international market. The government insisted on exports even when there were shortages in the economy, as for example in steel, the shortages being tackled through imports. Naturally the exporters were required to be internationally competitive to succeed. Enlargement of the market through exports also helped them to reap the benefits of economies of scale. Firms were often instructed to set up plants of efficient production scale which compelled them to export so as not to incur losses due to low capacity utilization (Chang, 1990, p. 140). Imports were allowed not on the basis of domestic market share or production capacity but on the basis of export performance. This motivated the firms to export more (Lim, 1981, p. 21). Those who produced primarily for the domestic market were also required to be internationally competitive. Suppliers of inputs to export industries were required to do so at international prices.

South Korea had a tight performance monitoring system. The firms in the targeted industries were required to report regularly to the government about their performances. The efficient firms were favoured with more opportunities to expand. But the poor performers were penalized in different ways. The government used to refuse to bail out firms which performed badly in an otherwise healthy industry. The inefficient firms have often been forced into

mergers, sales and liquidation. The assets of the largest cement producer in the 1970s which went bankrupt was transferred to a chaebol. Such reorganization of inefficient firms took place in most of the major industries such as automobiles, electronics, heavy electrical machinery, shipbuilding (Amsden, 1989, pp. 14–15; Chang, 1993, pp. 142, 148–49).

A number of mechanisms, for example, tax audits, suspension of bank credit or recall of loans, disconnection of infrastructure services, and so on, were adopted by the government to discipline the firms which did not follow the official priorities. Detailed and lengthy investigation on tax returns initiated on disloyal firms and threat of action restrained the firms (Song, 1990, pp. 144–45).

A law enacted in the 1960s made any illegal overseas transfer of \$1 million or more punishable with a minimum sentence of ten years' imprisonment and a maximum sentence of death. In the 1960s and 1970s in particular this law was strictly implemented. This acted as a deterrent to investors who otherwise could have used public money for building personal fortunes abroad (Amsden, 1989, pp. 17–18). Those indulging in illegal activities were severely dealt with. A firm importing more than the permitted quantity of an input was forced to forfeit the bulk of its equity to the government. Tax evaders were not only required to pay penalties. They had to face criminal prosecution (Jones and Sakong, 1980, pp. 114, 117).

It is not that corruption was unknown in Park's regime. But as Cole and Lyman (1971, pp. 252–53) argue, corruption in South Korea did not destroy the emphasis on growth. Many of the principle investment projects approved by the government in the mid-1960s for which payoffs were obtained, were actually those which would have been approved in any case on the basis of feasibility studies.

A common problem with government regulation is that it is ineffective. Administrative inability or extra economic interests of the top political leadership often make government intervention counterproductive with government controlled resources diverted for non-development uses (Cole and Lyman, 1971, p. 4). South Korea under Park provided a concrete example of a 'hard state', where policies are rigourously enforced. In fact according to Jones and Sakong (1980, p. 140), effective implementation via hardness has been a major causal factor behind South Korea's phenomenal economic success.

CONCLUSION

In the 1950s, SK was a typical low income developing country. But the economic policies of the 1960s and 1970s transformed the economy and made it one of the fastest growing economies of the world. The government played a very important role in this strategy. The government under President Park decided the important economic activities to be promoted and mobilized and directed resources accordingly. Allocation of resources were not left to the market mechanism. To promote the targeted industries and activities, the

government relied not only on price incentives and subsidies. It intervened directly using various non-market instruments.

Park and his team of decision makers did not believe in any contradiction between planning and capitalism or between export promotion and import substitution. But their economic policies suggest that they believed that the contradiction between foreign and indigenous capital is of fundamental importance.

Park was a pragmatic man, as such neither against Korean private enterprise nor against public enterprise. In fact, he relied significantly on Korean private enterprise for translating the plans into action. He also promoted public enterprises wherever necessary. But private business was expected to operate in close association and under the leadership of the government.

Again, export promotion and import substitution were not considered as two alternative and conflicting development strategies. South Korea emphasized exports. She also developed industries which not only substituted imports but also subsequently helped export generation. South Korea shows how both can be pursued and how one aids the other.

Economic nationalism appears to have been the guiding spirit behind many of the government's actions. South Korea's development model actually can be characterized as one of government intervention for national capitalist growth. It was believed that the Korean economy cannot be developed unless the Korean enterprises develop. Foreign enterprises were not allowed to grow at the cost of Korean enterprises. Uncontrolled foreign direct investment was considered to be detrimental to national development goals. Foreign capital and technology were used but were regulated to fit in with the national priorities.

The government in South Korea was not only interventionist. It was also expansionist. Long term growth was preferred to short term stability. Thus investment was not contracted to check inflation or imports to control trade deficits.

The government policies were rigorously enforced. The political leadership's commitment to economic growth prevented the diversion of government controlled resources to non-development uses. In exchange for the support provided, the government was able to extract performance standards from the producers.

Park being a dictator could use some methods which are not always feasible in more democratic situations. For example, to ensure a cheap and disciplined labour force, labour activities were strictly controlled. Unions were weak and labour unrest were severely punished (Koo, H., 1986, p. 171). As a result of single-minded concentration on economic growth, social development was neglected (Cole and Lyman, 1971, p. 167; Yeon, 1989, pp. 1-3; Amsden, 1989, p. 18). The government was also not bothered about such costs as inflation for extended periods.

South Korea's very special position in the international political system also contributed to the success of her economic strategy. South Korea was basically

created by USA as an anti-communist buffer state for the protection of her security and strategic interests in the area. South Korea was an economic beneficiary of such a neocolonial dependent relationship (Im, 1987, p. 243). USA was indulgent towards South Korea and provided support in different forms. USA's involvement provided opportunities to South Korea for her economic development which were not available to most other developing countries. South Korea received enormous amounts of US aid (Lee and Sato, 1982, pp. 24–25, 153). While much of it were unproductive, it helped investments in infrastructure, especially education (Koo, H., 1986, pp. 159–161; Bagchi, 1987, pp. 32–33). Thanks partly to American influence, educational facilities at all levels—elementary, high school, vocational, higher education—were greatly expanded. As a result the literacy rate increased from about 22 per cent in 1945 to about 72 per cent in 1960 (Suh, 1989, p. 6). Thus South Korea started her industrialization with a much more educated labour force. Absence of land reforms has been a major hindrance to the development of poor countries. Successful land reforms initiated by the Americans destroyed the power of the landlords and facilitated capitalist development. The land owned by the Japanese sold to tenants at a low price by the American Military Government in 1948. In the second phase of land reforms completed under the Rhee government in 1958, the land owned by absentee landlords and those owned by owner-farmers in excess of three chungbo (one chungbo is equivalent to 0.992 hectare) were distributed to tenants and landless farmers (Whang, 1982, p. 1; Schwartz, 1989, p. 238). Preferential access to the US market was an important factor behind South Korea's export success. South Korea relied heavily on foreign borrowings to finance her development. It was generally felt that USA will not allow South Korea to fall into default on debt payments (Cole and Lyman, 1971, p. 182). In the absence of American backing, it is unlikely that the international financial community would have had faith on such a small and poor country especially in the earlier years.

What is distinctive about South Korea, however, is that she took full advantage of these favourable conditions and conceived and implemented a strategy to industrialize her economy.

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JAYATI GHOSH*

*Coercive Corporatism:
The State in Indonesian Capitalism*

The Indonesian economy is currently cited as one of the 'success stories' of developing Asia, and represented as part of a Southeast Asian economic boom that is forcing a restructuring of the international division of labour. While this in itself would be sufficient justification for an attempt to analyse the nature of this "success", a focus on Indonesia is of interest for an additional reason. It is an illuminating example of a particular model of capitalist state-directed industrialization that can be found in varying forms across Asia. The behaviour of the Indonesian state (under Suharto) has been very much a part of an identifiable pattern of authoritarian regime that has been associated with several of the more economically dynamic Asian countries. This paper seeks to address two questions relating to the Indonesian experience after 1966: (1) What was the nature of the Indonesian state, and how did it affect or determine the pattern of economic growth and industrialization? (2) To what extent can this pattern of development be judged a success, even in purely economic terms of growth and distribution?

THE NATURE OF THE INDONESIAN STATE AND ECONOMIC POLICY

The regime that came to power in Indonesia in 1966 gave early evidence of its repressive character. Originating in a period of social instability and insurrection after the coup that toppled Sukarno, this military group was closely involved in the mass executions of Communists and leftist sympathisers that decimated several hundreds of thousands of Indonesians. Since then, the country has been formally ruled by the military, which has progressively entrenched itself and centralised power. Various government-controlled or sponsored organizations, such as the state political party Golkar, and state organizations for business, labour, bureaucrats and so on, replace any more representative political institutions which a democratic process could have thrown up. Dissent of any sort is summarily dealt with, there is little pretence at democracy, and the regime actually justifies its authoritarian control on the grounds that it is necessary to achieve rapid economic development and to preserve a fragile social 'harmony' during the complex transition to

* Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

modernity. The Indonesian 'New Order' thus has defined itself as a modernising, developmentalist state, similar to several other regimes in Southeast Asia.

While the immediate success of this regime could be attributed to the fact that it emerged in a social vacuum created by what was effectively a civil war, as well as its willingness to adopt extremely harsh repressive measures to preserve its own power, these cannot explain either its longevity or its relative stability. Rather, two crucial economic factors have been instrumental in preserving the power of this regime for such an extended period. First, its strategic position in the economy, resulting from its command over the dominant sources of wealth—oil, natural gas and minerals—as well as its tight control over most other economic activities. Second, from its very inception, this regime sought integration with international industrial and finance capital to form a broad economic and political alliance operating at the national level. This alliance, which includes the large bourgeoisie and landlord classes within the country, has been immeasurably strengthened by the continuous political and economic support it has received from international capital, and particularly the official backing from the USA and Japan. The relationship between domestic and foreign capital has of necessity been a complex one, mediated also by internal political pressures, yet the fundamental nature of the alliance cannot be denied.

In fact, it could be argued that the Indonesian state is evidence of the proposition that reactionary political dictatorships are the result not only of internal political dynamics, but also of the growth of capitalist accumulation on a world scale, which involves particular demands and creates corresponding responses within developing countries. This could explain the proliferation of a relatively new type of state in third world economies, characterized by high rates of economic growth, rapid industrialization and the emergence and/or development of a powerful national bourgeoisie. These states, which tend to have strong totalitarian tendencies, typically legitimize their power in terms of technocratic government which delivers economic growth. They tend to enforce rigid political control even while encouraging some 'decontrol' (in terms of the play of market forces) of the economy, a combination which is seen as necessary to meet the simultaneous demands of incorporation into world markets and internal political stability. Such states have been variously described as 'bureaucratic-authoritarian' or 'corporatist' (Higgott and Robison, ed., 1985)—essentially they contain many neo-fascist elements, which are clearly evident at the first hint of crisis or dissent.

Throughout the period since independence, the Indonesian state has borne the primary responsibility for capital accumulation. This has come about because the state has been the major investor and financier, as well as the creator of the policy framework within which private accumulation has occurred. The 'New Order' regime of Suharto likewise presides over a highly regulated economy, in which the public sector controls the production and sale of critical resources, and also dominates in a range of other activities including those in banking and the financial sector. Domestic investment and production

have been and continue to be subject to licensing, agricultural growth is critically dependent upon government expenditure through infrastructure provision and subsidies, many prices are administered or regulated, and foreign trade is controlled through quotas, tariffs, taxes and a wide range of non-tariff regulations. The degree of actual control by the government over the economy remains far beyond anything ever experienced in India, despite more than a decade of official 'liberalization' of policy in Indonesia.

In addition, the interaction between state and domestic private capital extends beyond that expressed by government policy, because of the growth of state-sponsored private business groups. These have emerged from the capacity of military politicians and bureaucrats to appropriate the rents from official control over resources and authority, for private use. Thus, in the early years of this regime, individual generals, political cliques and other such groups established or expanded business groups, usually with Chinese partners who had business experience in Indonesia. These nascent capitalist groups in effect depended upon the capacity of the 'official' partner to appropriate or provide privileged access to certain state monopolies, public credit, government contracts, concessions, or licences. By the late 1970s these had developed into large-scale consolidated business conglomerates. The most blatant example of these is the Liem Sioe Liong/Suharto group, which is dominated by members of the President's immediate family, and which has become one of the largest regional corporate groups with interests in banking and finance, industry, trade and real estate.

This means that clientelism, patronage and corruption—which are usually seen as inimical to economic growth—are here very much associated with the growth process. Indeed, they have actually formed an integral and necessary aspect of the accumulation and industrialization processes in Indonesia. The business groups which have flourished—and thereby contributed the most to the high rates of growth—are those which have benefited substantially from preferential access to capacity and production licences, import monopolies, construction and supply contracts, public sector credit, government-controlled distributorships, forestry concessions and the like. As a result, the interests of the government and those of large business cannot readily be separated, and public economic policy has not reflected the interests of the economy as a whole and all its constituents but rather those of a small elite. Despite the existence of a Five-Year Plan framework (the *Répelitas*) there is no evidence that either domestic or foreign investment has been promoted according to any systematic social priorities, such as the potential for employment creation, backward linkages, government revenues, external economies. (Donges et al., 1980)

The relationship of the regime with international capital, while one of explicit dependence from the start, has undergone several phases. One of the most notable features is that this regime from the start has operated with an open capital account, with no restrictions on the inflow or outflow of capital. This completely free capital account in a context of a plethora of domestic

controls in a tightly regulated economy, began essentially as a political concession to the expatriate Chinese business community which remained in Indonesia. Its maintenance over time has been possible because of the effective guarantees provided by American and Japanese financial support to the government, as well as continuously high domestic interest rates. There have been periodic episodes of capital flight, for example in 1974 and again in the mid-1980s, but no attempt has been made to impose any capital controls as a result.

The Foreign Investment Law promulgated in January 1967 just after the regime came to power, offered inducements to new foreign investment in the form of tax holidays and guarantees of profit repatriation, in addition to the obvious political inducement of labour repression. The legislation also required foreign investors to take local partners, thus benefiting the nascent domestic business groups. Existing foreign debts were renegotiated, and new financial ties were sought to be developed. The constitution under which the Suharto regime functions requires the government to balance its budget—which in effect means that all fiscal deficits have to be met either through external loans and grants or through the drawing down of international reserves. (There is another expedient which is being increasingly resorted to—that of transferring some expenditures and subsidies to public sector banks, and thereby rendering them “non-budget” items.) This has created a tremendous dependence of the government upon foreign sources of aid and loans. In the 1970s and 1980s, around 40 per cent of the government’s development budget came from borrowed funds, which had per force to be borrowed abroad. Most bilateral and multilateral aid and credit, which is highly significant in Indonesia’s case, is negotiated through the credit consortium InterGovernmental Group for Indonesia (IGGI) in which the USA and Japan have been highly significant.

Japanese capital in particular has played a major role in propping up the Suharto regime and in providing foreign direct investment for Indonesia’s import-substituting industrialization drive. There was a high concentration of concessional aid from Japan particularly upto the mid-1970s, and massive lending by the Japanese Eximbank, amounting to \$1.5 billion just between 1972 and 1976. Over the period 1967–76, investment by Japanese firms in Indonesia accounted for \$1.03 billion out of the total FDI of \$1.57 billion, and 162 out of 327 projects. (Robinson, 1985) By the end of the 1980s, the stock of Japanese FDI in Indonesia amounted to nearly \$12 billion. (Myo Thant et al., 1994) In the early phase, Japanese investment—which was focussed upon the textile and resource extractive industries—also meant a close interaction with Pertamina (the publicly-held oil company) and other public sector enterprises. Typically, the relationship was one of unabashed *quid pro quo*. Thus, in one instance of the 1970s, Japan’s acceptance of a higher freight charge effectively restored the financial viability of the Indonesian companies General Dynamics and Burmah Shipping. But the price was the Japanese

demand that the Indonesian government forfeit effective control over its highly prized natural gas facilities and revenues.

By the early 1970s, a significant level of extractive and manufacturing investment was occurring, fuelled by Japanese, American and expatriate Chinese capital. This proto-industrialization however involved the exclusion of the petty bourgeois groups who had supported the military takeover, and thus created a political backlash. (It should be noted that the sporadic outbursts of indigenous petty bourgeois political discontent have been characterized in general by a virulent anti-Chinese tradition, and have typically pitted Islam against the Javanism of officialdom, the outer islands against Java, and the countryside against Jakarta as well as domestic small capital against large domestic and foreign capital.) Pro-democracy protests by students and economic discontent among the middle classes and small businesses found expression in the Bandung riots of October 1973 and the Jakarta riots of January 1974. Following upon these, the government introduced a series of regulations designed to redress the imbalances between domestic, Chinese and foreign capital, including requirements that state bank credit go only to indigenous companies and that companies investing under the (1968) Domestic Capital Investment Law effectively be under the majority control of national (non-Chinese) investors within 10 years, and closing many profitable avenues to foreign investors.

These policies led to complaints from international capitalists as well as substantial declines in FDI inflows. However, from 1975 to 1981, the government was able to use the power derived from windfall oil export earnings to impose demands upon foreign capital and to promote the growth of national capital. In 1980, oil revenues amounted to 70 per cent of total foreign exchange earnings and 62 per cent of state revenues. The downturn in oil prices from 1983 onwards dramatically changed this situation. Like many other heavily-indebted countries, Indonesia was forced into a package of stabilization and structural adjustment policies which involved cutbacks in public expenditure as well as deregulation designed to change the structure of investment and production. However, two features of this process differed notably from other countries in a similar external position. Firstly, the Indonesian government continued (possibly also for strategic reasons on the part of the creditors) to have access to concessional credit through the IGGI, which eased the adjustment process greatly. Secondly, because the adjustment occurred without the explicit tutelage of the IMF and the World Bank, many otherwise 'standard' features of such a package were simply ignored and the deregulation in particular remained minimal.

The basic elements of the adjustment policy response consisted of exchange rate changes, along with some expenditure restraint, a certain amount of financial sector reform and a limited reduction in import restrictions and tariffs. The rupiah was devalued twice; by 28 per cent in March 1983, and by 31 per cent in September 1986. Thereafter it has been made more 'flexible' and

allowed to depreciate against a falling dollar, and this has led to continuous—if relatively minor—real depreciation since 1986. There were major cutbacks in government real capital spending especially in 1983 and 1986, but subsequently this appears to have recovered, especially in infrastructure. In any case, the lack of transparency involved in moving expenditure items 'off-budget' to state-controlled banks makes the actual fiscal stance difficult to estimate, but the likelihood is that it has not diminished in real terms. Foreign investment was once again provided with new incentives through 1986 and 1987, and most recently in 1994, and Indonesia has received some of the general increase in Japanese FDI to the Southeast Asian region. The increase in portfolio capital inflows has been less marked—while total stock market capitalization in Indonesia has increased from \$0.1 bn in 1985 to \$33 bn in 1993, its valuation in relation to GDP remains low at 10 per cent, and foreign investor activity is less noticeable in this area.

The mainstream literature on the subject—especially that emanating from the World Bank—has hailed the Indonesian reforms of the 1980s as ushering in favourable structural changes which have been instrumental in raising overall growth rates, reducing the incidence of poverty, and increasing the exports of more diversified manufactured goods. Obviously, both the changes and the factors causing them deserve more detailed analysis. The nature of the economic transformation of this period and their relationship to economic policy is considered in the next section.

RECENT PATTERNS OF GROWTH AND STRUCTURAL CHANGE IN THE INDONESIAN ECONOMY

Growth rates in the Indonesian economy appear at first sight to be very much a part of the general "boom" in Asian economies over the past decades. The decade of high oil prices was associated with high rates of GDP growth, as evident from Table 1, and even during the adjustment phase of the eighties the economy grew at more than 5 per cent per annum. Since then, in the nineties, total GDP has grown at around 7 per cent and even per capita income has shown very healthy increases. Manufacturing appears to be the most buoyant sector, as shown also in Table 2 by the increasing share of industry (including manufacturing) in national income. These figures suggest that in terms of macro-economic aggregates, over the past two decades, Indonesia has been one of the fastest growing economies even in the dynamic Asian region.

The growth in aggregate output and in manufacturing has been fuelled by very high savings and investment ratios, which are among the highest even in relation to the generally high-saving high-investing countries of Asia. The ratio of Gross Domestic Investment to GDP was more than 30 per cent in the 1980s, and has been more than 35 per cent in the 1990s. (Table 3) Only South Korea and Thailand have shown comparable or slightly higher savings and investment rates in the Southeast Asian region, and these rates are several times those evident in developed capitalist countries. In relation to such

high investment rates, the GDP growth appears less impressive than at first glance, and actually suggests substantial increases in the aggregate incremental capital-output ratios in the economy.¹

One important indicator of structural change in the economy is usually the sectoral composition of employment. The broad data are presented in Table 4, and while it is apparent that there has been some change, particularly in terms of the increased share of manufacturing employment, the changes in aggregate employment patterns are much less significant than those in the structure of output, and in fact the main contours have remained essentially the same. In particular, over the 1980s manufacturing appears to have drawn workers from other sectors rather than from agriculture, since the share of agriculture remains roughly the same.

The decline in poverty, especially rural poverty, is said to be one remarkable aspect of economic change in the 1980s, particularly since it occurred during a period of structural adjustment which is supposed to put greater burden on poorer groups. Of course, it should be remembered that the Indonesian experience of structural adjustment was qualitatively different from that typical of the IMF-World Bank programmes in the majority of other developing countries, and in particular a range of public expenditure items remained important and the extent of deregulation was minimal. Table 5 presents four different estimates of poverty trends in rural and urban Indonesia, one official government (BPS), one from the World Bank (WB), and the other two by independent researchers. It is clear that the estimates vary quite significantly, and also that the independent estimates of proportion of population below the poverty line show much lower declines than either the official or the World Bank data.² In fact the World Bank itself admits the possibility of underestimation of rural poverty. (World Bank, 1992b) Nonetheless, all the data do indicate a declining trend certainly for rural poverty, even if of debatable extent. Some of this results from locational shift—around 40 per cent of the decline in rural poverty is said to be the result of rural-urban migration, which has in turn increased the pressure on poverty ratios for urban areas. [World Bank, 1992b] This in itself suggests that such migration contains a large element of push rather than pull, reflecting increasing desperation in the countryside rather than very dynamic employment expansion in the cities and towns.³

The rest of the decline in rural poverty is generally attributed to agricultural growth and employment diversification within the rural areas. Yet the factors behind such agricultural growth are rarely elaborated. In particular, the critical role of government expenditure, in the form of investments and subsidies, deserves attention. It is true that agricultural GDP has grown faster than rural population for at least two decades (Table 6). The increases are marked and have accelerated for farm non-food crops and livestock. The growth rate of output for farm food crops, primarily rice, has remained steady and has allowed Indonesia, which was a major rice importer, to become self-sufficient in rice production in the course of the 1980s. Much of this is the

direct result of government expenditure patterns. The major items of public expenditure in this regard are the fertiliser subsidy and irrigation. Urea and TSP, which constitute about four-fifths of total domestic fertiliser use, have been subsidised at the farmgate by about 50 per cent since the mid-1970s. While the budgetary allocation for the fertiliser subsidy has shown a decline in real terms since 1988 (and the subsidy on pesticides has been abolished), this simply reflects the fact that part of the subsidy has been financed through borrowing from state commercial banks, making it off-budget (but quasi-fiscal) expenditure. Farmgate prices of fertiliser still reflect a similar level of subsidy. Thus economic adjustment measures have not entailed an effective decline in subsidy to farmers as they have in other countries such as India. Further, crop prices are largely administered and ensure that estimated costs of cultivation are covered.

Public irrigation expenditures have shown real increases throughout the 1980s, and are being maintained at high levels. In fact, the current programme to institute efficient operation and maintenance existing of irrigation systems would require even more massive increases in real public expenditure. Funding for agricultural development expenditure has come increasingly from foreign assistance. Foreign aid financed 12 per cent of such expenditure in the early 1980s, and 40 per cent by 1990-91. In that year, foreign assistance paid for 55 per cent of agricultural development spending excluding the fertiliser subsidy.

The decline in forestry produce in the 1980s reflects export restrictions which prohibit the export of primary forest produce in an attempt to halt the ongoing deforestation. However, some of the most dynamic manufacturing export sectors include plywood and paper, which rely on this raw material. Thus both manufacturing and export growth have been associated with the wholesale and continuous destruction of rain forests in Indonesia, mainly on the Outer Islands. It has been estimated (quoted in World Bank, 1992) that the rate of deforestation has been between 700,000 and 1.2 million hectares per year up to 1990.⁴ In Java, the main environmental concerns are related to over-cultivation and upland degradation, which result from the great pressure of agricultural population on the island.

Developments in the external sector are said to be indicative of the general dynamism of the Indonesian economy. In Table 7, the recent trends show stable increases in export growth and a healthy balance of trade. The deficit on current account despite this trade surplus reflects the large interest payments as well as profit remittance outflows. Indonesia was Asia's largest external debtor until it was overtaken by India in the late 1980s, and its debt to GNP ratio remains the highest in Asia at over 60 per cent. Thus, despite the fact that most of its debt is long-term concessional credit, the debt service to exports ratio continues to be high at well above 30 per cent.

However, the major achievement on the external front is argued to be the changing composition of exports, which reflects (as Table 8 indicates) a diversification out of primary reliance upon oil and natural gas exports, and

a substantial increase in manufactured exports. This occurred within a relatively short time period of six years, partly because the collapse of oil prices (reaching absolute lows in 1986) rendered such exports unprofitable. In particular, the category of 'other' manufactured exports evidenced substantial growth. Nonetheless, the basic structure of exports remains resource dependent, with forest-based exports (timber and plywood, etc.) accounting for more than one-fifth of non-oil exports, and primary products including oil accounting for 74 per cent of total exports even in 1989-90.

The diversification of exports ought to be related to greater diversification in manufacturing output and employment. The behaviour of output and employment in the more important manufacturing sectors is presented in Table 9. Some sectors have registered remarkable increases in employment, such as apparel, wood and paper products and rubber products. However, these tend to be either sectors whose weights in total production and employment are rather small (e.g. apparel) or those which rely on the unsustainable denudation of natural resources (e.g. wood and paper products) or which are based on production for a shrinking world market (e.g. rubber products). Conversely, some of the 'import-substituting' industries whose viability ought presumably to be affected by greater global integration have also experienced high rates of growth of output and employment. These include iron and steel, metal products and transport equipment. The basic structure of manufacturing industry, as determined by the 1991 production weights, does not appear to be very different from what it was in the 1970s. Rather, the change appears to be in the employment elasticities, which (if the data are to be believed) have increased quite dramatically across several sectors in the 1980s.

Greater integration within ASEAN countries has been an important recent tendency in Indonesian trade and consequently also domestic production. The share of ASEAN in Indonesian trade has increased substantially over the 1980s, and this is associated with the facilitating role played by relocative Japanese investment across all of these countries. This process is particularly marked in the formation of so-called 'growth triangles', which are nodal points of trade and investment interaction between countries, actively encouraged by state policies which promote liberalized investment, production and trade. Indonesia is involved in at least three such growth triangles, the most prominent being the Singapore-Johor-Riau nexus involving Batam in the extremely poor Indonesian province of Riau. These triangles seek to exploit the advantages of geographical proximity and complementary resources to advance industrial relocation for export production (relying, of course on unprotected and cheap labour and natural resources in the Indonesian case). They essentially involve the creation of Export-Processing Zones (EPZs) which are designed to cater specifically to the other points in the triangle, making them parts of a global production chain. Wages and working conditions are therefore similar to those in other-EPZs, with an emphasis on cheap labour and 'flexibility' in hiring and firing practices as well as minimal to non-

existent health and safety standards for workers. While production and employment from such triangles have not yet increased sufficiently to make a major impression on aggregate Indonesian manufacturing production or exports, they are likely to constitute a significant part of future expansions at the margin.

ASSESSMENT

The economic changes of the 1980s and after do not reflect any fundamental change in the nature of the Indonesian state, which retains its highly coercive apparatus and proto-fascist tendencies. What they do suggest is that the interplay of global economic pressures and internal political forces in the 1980s forced a change of economic strategy which has yet to work itself out in terms of all its implications. The state expenditures on agriculture which have contributed to strong output growth and (to some extent) declining rural poverty were part of what were seen as necessary populist measures to legitimise the state in the face of increasing unrest and the growing popularity of Muslim fundamentalist movements which were harnessing opposition to the government. A strategic emphasis on employment-generating policies also resulted from this need to contain potential discontent. The economic 'successes' of this period were almost entirely related to changed patterns of government intervention and expenditure, which in turn were determined by domestic political struggles. Further, the increased vulnerability of the Indonesian state to external pressure from its foreign creditors and political allies because of the collapse in oil revenues forced a limited dose of economic adjustment measures, which subsequently were encapsulated in the increased economic interaction within the Southeast Asian region resulting from relocative international investment.

While this has meant an increase in manufacturing exports and employment in the recent past, it is obvious that at least until this point in time, this process has not entailed a major transformation in production structure sufficient to herald the emergence of a new Asian 'NIC'. It is also not very clear how far this process of rapid industrialization and employment generation in certain sectors can go, or whether it will be sustained for enough time to actually cause structural transformation. Certainly, the advantages the Indonesian state earlier possessed for international capital—of geo-political subordination and the assurance of a repressed labour force—are less attractive in a world in which many other states are keen to offer the same package. For that reason alone, and even leaving out the possibilities of internal socio-economic conflict, the coming decade may prove to be a more testing time for such authoritarian capitalist states in developing countries.

Table 1 : Growth Rates of Real GDP and Sectors

	Agg GDP	Per capita GDP	Agri	Mining*	Manuf	All other
1969-79	8.1	-	3.8	10.1	12.2	9.5
1979-89	5.4	-	3.4	0.4	12.8	6.5
1990	7.5	7.1	2.0	-	12.5	7.3
1991	7.2	4.8	1.6	-	9.6	6.0
1992	6.5	4.5	6.6	-	9.7	7.3
1993	6.5	4.5	1.4	-	7.3	8.0
1994	7.4	5.4	1.6	-	11.0	6.5

Note: * Included in "All other sectors" from 1990.

Sources: First 2 rows: World Bank 1992; Next 3 rows: World Bank World Tables 1994; Last 2 rows: ADB *Asian Economic Outlook* 1995-96.

Table 2 : Sectoral Shares of GDP (%)

	1970	1980	1994
Agriculture	35	24.4	16.6
Industry	28	41.3	43.6
Services	37	34.3	39.8

Source: ADB *Asian Economic Outlook* 1995-96.

Table 3: Savings and Investment Ratios (% of GDP)

	Gross Saving	Gross Dom Investment
Av 1981-90	31.8	30.4
1990	36.7	36.1
1991	35.9	35.5
1992	38.2	35.9
1993	37.7	35.3
1994	38.7	35.5

Source: ADB *Asian Economic Outlook* 1995-96.

Table 4: Structure of Aggregate Employment

	1971	1982	1989
Total (millions) of which (%)	41.3	57.8	76.7
Agri	64.2	54.6	53.9
Mining	0.2	0.7	0.7
Manuf	6.5	10.4	13.7
Others	29.1	34.3	31.7

Source: World Bank 1992

Table 5 : Poverty Ratios
(% population below poverty line)

	1965	1976	1980	1987
<i>Rural</i>				
BPS		40.4	28.4	16.4
Sajogyo	49.3	28.1	17.1	13.2
Esmara	51.6	46.4	43.2	36
WB		54.5	44.6	18.5
<i>Urban</i>				
BPS		38.8	29	20.1
Sajogyo	65.1	31.2	24.4	30.4
Esmara	44	39.9	37.3	30.4
WB		31.5	19.7	8.3

Note: BPS refers to the Biro Pusat Statistik, which gives the official estimates. WB gives the World Bank figures, while Sajogyo and Esmara are independent estimates.

Source: C. M. Firdausy, 1994, p. 72.

Table 6: Agricultural GDP Shares and Rates of Growth

	Share of Gross Dom Product			Av rate of growth p.a.	
	1969	1980	1989	1969-79	1979-89
Farm foodcrops	60	58.9	60.9	3.7	3.8
Farm non-foodcrops	12.5	11.2	13.6	2.2	5.8
Estate crops	3	3	2.7	4.3	2.2
Livestock	10.3	9.7	10.6	2.7	4.7
Fishery	6.6	6.8	7.3	3.9	4.5
Forestry	7.6	10.4	4.9	7.3	-5.5*

Note: * Decline related to export restrictions

Source: World Bank 1992, Vol. I.

Table 7 : External Sector : Recent Indicators

	1989	1990	1991	1992	1993	1994
Exports r.o.g.(%)	17.8	16.7	10.5	14	8.3	7.9
Imports r.o.g.(%)	17.9	31.5	15.7	7.8	6	11.6
Trade Balance (\$ bn)	6.7	5.4	4.8	7	8.2	7.8
Current account (\$ bn)	-1.1	-3	-4.3	-2.8	-2	-3.1
External Debt (\$ bn)	56.2	66.8	76.1	83.8	89.6	90.5
Debt Service Ratio (%)	35.4	30.9	32	30.6	32.6	32.9
Exchange Rate Rp to \$	1770	1843	1950	2030	2087	2164
Real Eff Exchange Rate 1990=100	101.2	100	97.8	96.1	98.9	96.8

Source : ADB Asian Economic Outlook 1995-96

Table 8 : Structure of Exports in the 1980s

	1983-84	1989-90
Oil and LNG (\$ bn)	7,371 (57.9%)	3,065 (17.9%)
Total Non-Oil (\$ bn)	5,368 (42.1%)	14,100 (82.1%)
of which (%)		
Agri	57.5	34.1
-Timber	10.8	5.9
-Rubber	18.3	8.4
-Coffee	9.4	3
-Seafood	3.8	4.5
Minerals and Metals	14.9	11.3
Manuf Goods	27.6	54.5
-Textiles	6.8	15.5
- Plywood etc	10.8	16.2
Others	10	22.8

Source: World Bank 1990.

Table 9 : Manufacturing Production and Employment

Sector	1991 Prodn Weight	Production rate of growth per annum		Employment rate of growth per annum	
		1970-82	1982-91	1970-82	1982-91
Food products	11.9	11	5.9	4.4	9.2
Tobacco	11.5	9.1	7.3	1.6	4.9
Textiles	12.8	9.6	7.7	4.1	7.5
Apparel	2.1	4.7	23.9	31.1	26.8
Wood products	10.5	15.6	15.2	23.8	18.1
Paper products	2.5	13.6	7	10.3	12.5
Industrial chemicals	3.9	13.9	7.7	15.3	9.4
Other chemicals	3.6	7.1	6.5	7.7	7
Rubber products	5.5	16.6	8.7	17.2	14.5
Transport equipment	9.7	11	10.4	22.3	15.1
Iron and steel	8.8	46	21.7	34.7	15.1
Metal products	9.2	16.1	7.9	9.6	6.6

Source: UNIDO Industrial Statistics.

NOTES

1. In this connection, it should be noted that while rates of gross *domestic* savings have been very high and more than investment rates, the rates of gross *national* savings have been substantially lower, and are typically lower than investment rates by between 1 and 4 per cent of wGDP over this period. This reflects the importance of domestic savings generated by multinationals operating in Indonesia, whose income makes up around one-fifth of GDP, and who typically export a substantial proportion of savings in the form of outflow.
2. The various measures are highly sensitive to the sample of the survey used to estimate the extent of poverty. However, the same basic methodology is used for calculation of poverty figures in all the estimates: a minimum calorie requirement is specified, and then the expenditure is estimated on the basis of costs of foodgrains which supply this minimum along with some allowance for essential non-food expenditures.
3. The regional spread of poverty also reinforces the conclusion that many rural areas, especially in the Outer Islands, remain impoverished. The largest declines in poverty, according to the official statistics, are to be found in the island of Java. Some Outer Islands, such as Kalimantan and Sumatra, actually show increases in rural poverty.
4. The rapid pace of deforestation points to the difficulties in sustaining manufacturing growth based on forestry products, especially the plywood and paper industries which are among the fastest growing sectors in terms of both output and employment.

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UTSA PATNAIK*

Some Considerations on Rural Investment, Employment, and Consumption in the Post-Reform Period in China

INTRODUCTION

The post-1979 period in China has seen two sets of major changes in rural areas: first, a fundamental change in the social relations of production initiated with the switch to the household contract responsibility system from the system of production teams and brigades organised within the communes; second, in price policy, a large rise in administered farm product prices including foodgrains in 1979, followed by continuing rise in the eighties; commercial crops price deregulation and dual pricing for grain, resulting in relative price shifts favouring commercial crops. These changes were accompanied by a sharp fall in the share of central investment resources devoted to agriculture, which appears to have been only partly compensated by the rise in private investment on the part of peasant households, now taking individual rather than collective investment decisions. A spurt in the agricultural growth rate in the first half of the eighties, has been followed by deceleration in the second half. There have been quite noticeable structural shifts taking place in Chinese agriculture as a result of these policy measures, in the commodity composition of output, in the employment profile, in the sources and distribution of incomes, and in consumption patterns.

In this short paper we propose to focus only on two consequences of the post-reform policies, the thrust of which has been to introduce substantial elements of private property and private decision making in production and investment, following the dismantling of the Maoist strategy of collective production and investment hitherto regarded as essential for providing a livelihood to every person and meeting the wage goods and raw materials requirements of industrialisation. We will argue that one consequence of the privatization strategy has been to induce cropping pattern shifts in accordance with the increasingly skewed pattern of effective demands, which in turn has precipitated a new problem of basic food security for the relatively deprived. Given the highly unfavourable land-man ratio in China and the

*Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

prior near-complete exhaustion of technical slack, the scope for market-oriented production which does not undermine food security, seems to be extremely limited and the problem which had been tackled with a 'food first' policy under Mao Zedong, has re-emerged in a big way in just a decade of the 'exportables and commercial crops first' policies of Deng Hsiao Ping. The second consequence of privatization has been a sharp decline in investment of labour in the maintenance and expansion of productive infrastructure—irrigation works, land reclamation, afforestation—which had been a strikingly successful feature of the earlier strategy of collective labour mobilisation in the commune system. Apart from adversely affecting the potential for farm product growth this has rendered a large mass of labour, amounting to 30 per cent of labour force on some estimates, openly surplus and has induced massive waves of rural-urban migration of 80 to 100 million people every year. They have little prospect of full absorption into productive employment, given falling elasticities of employment with respect to non-agricultural output. On the other hand unregulated labour markets of the rural destitutes, proliferation of their slum settlements and lack of access to health and educational facilities, viz. all the familiar features of unplanned capitalist growth in other developing countries, are now becoming a feature of Chinese growth as well.

We would argue therefore that China's experience seems to show that high growth rates under strategies of privatization are compatible with and indeed logically entail the reemergence of two major problems plaguing large developing economies: food security, and unemployment.

HOUSEHOLD PRODUCTION AND INVESTMENT PROBLEMS IN A LAND-SHORT ECONOMY

With a longer history of settled agriculture than in India, the land-man ratio in 1950 was considerably lower in China and cultivation practices correspondingly more intensive with much higher inputs of human labour days and organic manures per unit of area. A population which was two-fifths larger than ours, had to subsist on a total cultivated area which was one-fifth smaller. Owing to intensive practices grain yield per unit area in China in 1950 was already about double ours at that time; as population grew at around 2 per cent annually, the increased labour force had to be absorbed into productive employment and a rising commoditised output of food and raw materials ensured.

The strategy through which this was done between 1955—the formation of the rural cooperatives—upto 1979, the dismantling of production teams and brigades—was a massive mobilisation of rural labour surplus for direct transformation into capital in the form of meso-level irrigation works, land reclamation and afforestation, diversification into agro-processing units and rural manufacturing enterprises, and construction of schools and clinics (Mao Zedong 1969; Wheelwright and Macfarlane 1970). Physical mobilisation of surplus labour by withdrawing workers was possible because the problem

of workers' indivisibility was overcome through the pooling of small farms in which surplus labour is embedded, into large commonly operated units. Pooling of investible funds permitted lumpy investments in enterprises which individually would not have been possible. The location of capital projects and non-farm enterprises within the geographical limits of the communes (each comprising upto a dozen villages) meant that costs of movement of surplus workers were minimum and they continued to live within their households.

At its peak before it was dismantled, the 0.7 lakh communes which contained over 400 m. workers, were mobilising upto 100 million persons annually for the 'winter works' - programmes of capital formation and maintenance. This is about the same number which, 'freed' from the commune system of employment and income generation, is today drifting as unemployed into the cities. We have elsewhere argued that there was a sound economic rationale underlying both collective operation and the Maoist egalitarian policy of distribution in which basic necessities were available to all (Patnaik 1989, 1994). The rationale was that a strategy of calling for extra work today for asset creation without immediate extra income, but relying on the expectation of higher incomes as projects fructified, could only be operated if the assets created belonged to those putting in the extra work; and would be perceived to be an equitable strategy only if those called upon to perform extra work under such a system of 'deferred wages', had equal access to goods satisfying basic needs.

Arable area has shown a slow continuously declining trend in China from around 100 m. ha. in 1950 to less than 95 m. ha. at present, and it appears that the rate of decline accelerated in the post-reform period upto the mid-eighties. Thus we find that while 9.4 lakh ha. was lost during 1978-83, as much as 22.7 lakh ha. was lost during 1983-86 (Table 1). This is owing to industrial, commercial and residential construction, infrastructure building and quite possibly a decline in wasteland reclamation. The North, Northwest and Central regions accounting for two-thirds of total arable area showed large losses. In the pre-reform period positive per capita output growth was achieved despite the then high population growth rate, through a combination of raising the sown area through increased multiple cropping, and raising yields per unit of sown area. Hiking the proportion of area irrigated from 26 per cent to 46 per cent over this period of massive collective effort, allowed the multiple cropping index (MCI) to rise substantially to 146 for all-China.

In the post-1979 scenario upto 1990, however, there is a sharp contrast: sown area fell in every region save one, though at a smaller rate than the arable area did owing to a further rise in the MCI to 155; the entire burden of output rise in recent years has therefore fallen on yield increase. (See Table 2 for sown area and MCI, Table 3 for grain yields.) Given that the era of collective effort upto 1980 had already more than doubled grain yields (through a combination of indigenously researched HYV and area shift to wet cultivation), it might be thought that further yield rise would have been

increasingly difficult to ensure. However, large orders of yield rise did take place during the reform period owing to factors we mention later. It must also be borne in mind that the trend of irrigated area became negative as soon as the commune system was given up, resulting in absolute decline upto the mid-eighties. (Although some have argued that a part of problem was statistical, the bulk of the fall was certainly real and was logically entailed in the transition from collective to individual operation; tractor ploughed area also registered a fall and the demand for hand-held tillers rose. A major recession in the tractor industry was only avoided through a desperate and partly successful search for export markets.)

As the dimensions of the problem became clearer, however, efforts were made to revive irrigated area which has only recently slowly started growing again. Clearly this was a necessary condition for raising the multiple cropping index further, which in turn is essential in order to compensate partly if not fully, for the continuing decline in arable area. Since arable area is projected to fall to 91 m. ha. by 2000, the problem will become more serious over time.

The relative price shifts in the reform period were such as to encourage the diversification of production away from foodgrains and towards commercial crops. Area sown to foodgrains declined from 80.3 to 76.5 per cent of total sown area and the absolute area under foodgrains fell from 120.6 to 113.5 m. ha (Table 6). Nevertheless given the severe land constraint the food sector performed quite well upto 1990. The average of annual rates of growth of foodgrains during the sixth and seventh plans spanning the decade 1981 to 1990, was 3.4 per cent, giving a compound growth rate ahead of the population growth rate. This was the result of a substantial rise in yields, in turn related to a trebling of total fertiliser output between 1980 and 1994 and a vertiginous rise in fertiliser application per unit area, from around 240 kg./ha to over 700 kg./ha. Fertiliser plus manure consumption levels in China on wet lands are at present comparable with the most intensively cultivated countries of W. Europe and are exceeded only by a couple of very small tropical countries like Mauritius specialising in exportables). Expansion of fertiliser production capacity was the result of per-reform higher investment allocations to several new plants which yielded results in the reform period. It would be fair to say that the large expansion in irrigated area under 46,000 medium reservoirs and the extensive pumping and distribution systems built up during the earlier phase of collective investment as well as investment in fertiliser plants, provided the basis for an intensification of working capital inputs by households in the reform period. However this element of technical slack in the system has by now been nearly fully taken up: it is difficult to see the future source of the further large yield rise required if per head food output is not to decline more precipitously than it is doing already.

There has been very sharp decline in the state allocations to investment in the agricultural sector in the reform period, from about 10 per cent of total capital construction during 1965 to 1980, to less than 4 per cent during 1981 to 1989 (see Table 5) using constant value data. Further, the share of

agricultural machinery and fertiliser plant in the overall construction investment in heavy industry fell from 9.98 per cent in 1976–80 to 3.4 per cent during 1981–85. The decline in public investment is bemoaned by some Chinese economists as leading to a decline in private investment as well, and for the first time in the Dengist phase we find the argument being put forward that state investment crowds in private investment and therefore its decline is undesirable. What would be a more accurate assessment is that there has been a sharp fall in *collective* fixed capital maintenance and fixed capital formation activities as the commune system was dismantled; and the rise in individual household investment which was quite fast upto the mid-eighties, was of a qualitatively different form, namely in divisible working capital, and primarily in fertiliser application as mentioned above. Pesticide application has also shown a rise in this period. (However labour per hectare in crop production declined.)

The improvement in the agriculture–manufacturing terms of trade was of the order of 50 per cent between 1979 and 1986, peasant incomes doubled in real terms and the rural–urban income differential narrowed to 1.8 from 2.2. The spurt of growth in agriculture and the more rapid formation of non-agricultural enterprises impressed observers, but certain weaknesses in the strategy escaped attention. It is now that some economists in China recognise explicitly that high growth in that phase was at the expense of capital maintenance and expansion, with the term ‘eating capital’ being sometimes used; at present, it is argued, the irrigation and distribution assets created with collective labour in the pre-reform period have become old, effective irrigated area has actually declined, and maintenance and expansion are badly needed. How to achieve this with individual operation is not a question which has been faced; but so clear have been these disadvantages of giving up cooperative efforts, that at present the protestations about the private system nevertheless being better in some undefined sense, compared to collectivism, interestingly, sometimes come up in the literature. The trend towards privatization and market orientation from 1979 also meant that the health facilities constructed out of brigade funds were dismantled in many areas and there was an exodus of trained doctors and educational personnel to urban areas. According to *Social Statistics of China 1987* as many as 3.7 million barefoot doctors, rural midwives and rural medical workers left their jobs between 1978 and 1986.

From the mid-eighties to the present, the terms of exchange *vis-à-vis* manufacture faced by peasants worsened, improved briefly and worsened again, with the prices of manufactured intermediates entering into agricultural production in particular rising faster than output prices. The severe shortages of fertilisers and pesticides in the second half of the eighties relative to spiralling demand, as growth became highly fertiliser-dependent, resulted in ‘negotiated price’ of fertilisers rising by 30 per cent annually; in 1987 there were 2,145 incidents of peasants ‘openly attempting to seize chemical fertilisers from depositories’; some 1.7 lakh peasants were reportedly in-

volved (Zhu Qinfang 1995). There seems to be little doubt that net output value growth has lagged behind growth of gross output values, and there are bitter complaints in the literature of an incomes squeeze on the peasants from this source, while the purchasing power of incomes is also said to be eroded by 'unnecessarily high prices' of consumer goods. Thus Zhu Qinfang (1995) argues that the scissors differential entailed the siphoning off of 60 to 80 million yuan annually from agriculture in the early nineties, at the same time that state investment declined sharply. The distribution of incomes has certainly worsened in rural areas while mean rural incomes have risen; regional disparities have widened, while the urban-rural income differential has widened again on most estimates to between 2.2 to 2.4 by the early nineties. The better provision of health care and education as well as assured cheap rations in urban areas, where all these elements have worsened in rural areas, make the effective urban-rural differential closer to 4 according to one source.

THE RE-EMERGENCE OF UNEMPLOYMENT AS A SERIOUS PROBLEM UNDER MARKET-ORIENTED HOUSEHOLD OPERATION

A large literature has developed in China on the estimation of rural surplus labour from the mid-eighties. Most of it lacks analytical clarity, but derives its interest from the fact that underemployment is seen to have reemerged as an intractable problem. Given the pro-reform orientation of many of the participants, the reasons ascribed for the reemergence of underemployment and unemployment as a serious problem, include the alleged 'suppression' of the problem under earlier Maoist policies which are supposed to have hindered the 'efficient' use of land by one-sidedly emphasising grain production, controlled strictly the movement of labour, and 'hidden' underemployment in the complex system of work-points accounting as long as collective operation prevailed. By contrast the very shift to household market-oriented production, and the associated price policies, allegedly led to a more 'efficient' use of land with a large fraction being sown to higher value commercial crops, a decline in labour-absorption followed with this shift in cropping pattern towards less labour-intensive crops. The recorded decline in labour-use per hectare for almost all crops taken individually is also used to argue that more labour-time was being used in crop production in the communes than was actually necessary.

The more realistic analytical reason, and the most important one for the reemergence of the problem of surplus labour in a big way after 1980 lies, in our view, in the fact that collective operation was designed to release and employ potential work capacity productively, whereas individual household decision-making cannot achieve this aim. It is a question of a systems change, which inevitably entails also a major change in social objectives and priorities. Reducing unemployment *per se* is not an objective of profit-oriented production: on the contrary, ensuring a certain level of unemployment is a desideratum for private property systems producing for the market.

(For all practical purposes, household contracting has been operating as a private property system with leasing and labour-hiring developing fast.) The problem of rural underemployment and livelihoods was historically particularly acute in China—more so than even in India—and had been tackled boldly under the cooperatives and later the communes by mobilising the available extra labour-time per worker at little extra cost, to build up productive assets which in turn raised future incomes. Nurkse-type direct transformation of labour into capital took place with a system of deferred incomes. Also, local health care and education were built up with collective funds, as were non-farm enterprises and industries. (As we have argued elsewhere, there is a serious under-measurement of rural capital formation in the pre-1980 period in all estimates, since the indices available are in physical terms and valuation, especially of deferred-income labour. Such capital construction involves conceptual problems which no one has posed leave alone tried to tackle; Patnaik 1994. The large employment multiplier effects of an initial rise in investment directly in the form of employment on capital construction, have not been quantified to date).

The importance of water management systems in particular cannot be over-emphasised for economies like China and India; some 46,000 water conservation reservoirs were reportedly constructed between the mid-fifties and end-seventies with a total capacity of about 40 billion cubic feet; pumping and distribution systems were on a corresponding scale; terracing, soil conservation measures, and afforestation were other socially important absorbers of labour-surplus. The role of water conservation systems in generating immediate employment and future increment to incomes has been examined in an unpublished thesis by Nickum. Between 1950 and 1959 the number of days employed annually per worker in rural areas rose from 119 to 189 (Schran 1969) while according to Rawski (1979, 1982), by the end of the mid-seventies, employment per worker averaged about 250 days annually. The winter works programmes were of great importance in providing employment during the seasonally lean winter months and through such employment, maintaining and improving irrigation and other works. Agricultural capital by its very nature requires heavy maintenance: rain breaches walls of reservoirs and damages distribution channels, weather erodes the strongest open-air structures. According to Rawski (1982) the number of workers mobilised under the winter works rose from 70 million for all-China in 1971 to an average of 100 million annually during 1972 to 1979, the last year before the new policies.

Any system of social relations of production which undermines the maintenance and expansion of common assets, would in the long run lead to serious problems of maintaining an adequate rate of production growth and proximately it would lead to the emergence of unemployment. This is what seems to have happened with the switch to household operation. Large scale winter works programmes could not have been compatible with private decision-making in atomistic households. It is very difficult to come across

any explicit discussion of what happened to the earlier programmes of massive labour mobilisation. The fact that they effectively ceased over most of the country by the mid-eighties is indicated by the occasional lament in Chinese language sources that peasants in their search for quick incomes have been 'ravaging capital', not looking after capital assets, especially the common irrigation assets, which have become old and worn out.

Also becoming common are reports of careless induction of unskilled low-paid peasant labour rendered unemployed, into rapidly expanding townships, brigade and private enterprises which have resulted in a rise in the rate of injuries and maiming from operating inadequately-protected machinery. A survey of 28,000 such enterprises showed that over nine-tenths of them did not fulfil norms regarding environment protection and job safety for workers. Hazardous chemical and paper industries are reportedly being relocated to rural areas and, depending on the type of industry, between 30 to 80 per cent of workers in them were exposed to health hazards. The dismantling of the social security system associated with commune break-up, renders worse the position of peasant unskilled labour drawn into these jobs. Behind high rural enterprise growth rates there are thus some unpalatable dimensions of change with regard to work conditions.

The most telling index of the reemergence of unemployment associated with the new policies, is the vast uncontrolled waves of seasonal migration to the cities. Between 80 million to 100 million workers now surge seasonally out of the villages every year to find employment in the cities, almost exactly equal to the numbers earlier employed on capital maintenance and construction projects. Estimates of the surplus labour force using various methodologies place it at between 30 to upto 40 per cent of the agricultural work force. About 70 million persons on a conservative estimate in rural areas could not meet basic needs out of their incomes and required support, while about 29 m. persons consumed less than 200 yuan per annum and are classified as the absolutely poor.

Only about 3 million persons regularly migrating to urban areas have managed to acquire urban resident status in recent years: part of the rest are makeshift slum-dwellers and the majority constitute a floating population with no access to food rations, health care or education. The status of urban resident, conferred by registering them as such by the authorities, is something that the unemployed migrant peasants would give anything to acquire. Urban resident registration gives access to cheap foodgrains, fuel and meat rations, it entitles the person to subsidised housing and health care and to social insurance. The unemployed migrants have access to non of these. Given two-digit rates of inflation, even nominally much higher wage rates that they might earn compared to income in the village, translate into inadequate real wages in the absence of access to ration foods. A number of unscrupulous city administrations have started making money out of the plight of the migrants by selling urban registration for 5,000 yuan apiece (about 25 times the per capita annual consumption of migrants from the poorest areas; Zhu Qinfang,

1995). Writers commenting on these trends relate the sharp increase in the incidence of urban violence and crime, to the social problems facing these armies of unemployed workers. Both begging (there were nearly 7 lakh urban beggars in 1990 compared to nil a decade earlier) and prostitution are growing phenomena. Given prevalent low elasticities of employment with respect to output in the secondary sector, even at high rates of growth there is no possibility of absorbing unemployed workers into sectors with a reasonable level of productivity. Generally they are absorbed into the heaviest, dirtiest and lowest productivity tertiary sector jobs.

Finally a comment on the trend of food production and consumption is in order. Rising mean incomes combined with worsening distribution have led to a vertiginous rise in animal proteins consumption. Compared to 1979 when per capita meat consumption was 9.37 kg annually, by 1994 it has risen to 30 kg per capita, i.e., it has more than trebled. (This includes sharply rising beef, milk, and aquatic products which have been growing at 15 to 20 per cent annually.) Animal products are known to be highly land and grain intensive: depending on the type of animal, the conversion factor of grain to animal products ranges between 2.5 kg to more than 4 kg. Such a rapid rise in total animal products to over 44 m. tonnes from less than 10 m. tonnes, must have entailed a corresponding sharp rise in the draft on grain production for feed, which might well be of the order 100 m. tonnes at present. This is an aspect which needs further quantification but it is an important element of the emerging crisis of basic foodgrains supply in China.

We have seen that the basic facts are of a declining total arable area, falling sown area under grain as there is diversification to commercial crops, and rapid exhaustion of yield-raising potential with fertiliser use already having reached high levels. Given a resulting scenario of near stagnant grain output during the last five years (see Table 3), production per head of grain after adjusting for increasing diversion to feed, must necessarily have declined very substantially, much more than the officially projected decline. This is exactly the same scenario which has become a familiar part of the experience of a number of developing countries which have allowed their land use and resource allocation to be determined entirely by the structure of market demand while disregarding food security. Grain and other agricultural necessities prices in China are reported to have risen sharply in the last years, by nearly 30 per cent in 1994 and another 25 per cent by the third quarter of 1995; grain production for the current year is expected not to exceed 450 m. tonnes, well below target. China is entering into agreements with a number of countries including India, to import grain. While the new well-to-do enjoy a much more diversified consumption basket, the rural poor and underemployed are hard put to get a basic grain subsistence. The pursuit of an undefined and undefinable market 'efficiency' carries certain social costs which are familiar to students of capitalist countries; those costs are also payable in socialist economies which dismantle social forms of ownership and substitute private property in the quest for growth.

Table 1: China's Arable Area 1978-1986, Projected to Year 2000

	Arable Area m. ha		Trend Growth Rate, per cent	Projected A.A. 2000 m. ha	Losses or Gains in AA		
	1978	1986			1978-83	1983-86	(000 ha.)
N. East	16.33	16.37	0.002	16.53	136	-	95
North	29.82	28.74	-0.43	27.20	-412	-	672
N. West	13.50	12.78	-0.74	11.60	-119	-	598
Centre	21.10	20.33	-0.47	19.08	-395	-	377
South	7.15	6.81	-0.62	6.29	-108	-	238
S. West	11.54	11.20	-0.40	10.66	-44	-	297
All	99.45	96.23	-0.41	91.36	-942	-	2277

Regions: North-East Heilongjiang, Jilin, Liaoning. *North* Beijing, Hebei, Henan, Shaanxi, Shandong, Shanxi, Tianjin. *North-West* Gansu, Neimenggu, Ningxia, Qinghai, Xinjiang. *Centre* Anhui, Hubei, Hunan, Jiangsu, Jiangxi, Shanghai, Zhejiang. *South* Fujian, Guangdong, Guangxi, Guizhou, Sichuan, Xizang, Yunnan.

Source: Adapted from K.R. Walker 1993.

Table 2: Changes in Arable, Sown and Multi-cropped area, 1978-83 and 1983-90, Annual Average in per cent

Region	1983 compared to 1978			1990 compared to 1983		
	AA	TSA	MCI	AA	TSI	MCI
N East	0.14	0.05	0.09	0.23	4.84	7.18
North	-0.41	-1.48	-1.07	-1.00	0.97	1.97
N West	-0.12	-0.40	-0.28	-0.48	0.38	0.86
Centre	-0.39	-1.91	-1.52	-0.60	0.30	0.90
South	-0.10	-2.20	-2.10	-0.26	1.03	1.29
S West	-0.04	-1.00	-0.96	-0.28	1.87	2.15
China	-0.98	-6.94	-5.96	-2.48	4.34	7.18

(Total sown Area, m.ha. 1978 150.96 1983 144.02 1990 148.36)

Source: Calculated from R.F. Ash 1993 Tables 8 and 9.

Table 3: Grain Area Yield and Output

	Grain Sown area m.ha.	Grain Yield tonnes/ha	Grain Output m. tonnes
Pre-reform			
1965	119.63	1.635	
1970	119.27	2.010	
1980	117.23	2.745	
Reform			
1985	108.85	3.48	
1990	113.47	3.93	445.940
1991			435.240
1993			456.440
1994			444.500
1995*	114* / 110*	3.99* / 4.14*	
2000*	ditto	4.39* / 4.55*	

* 1995 and 2000 alternative required yield figures derived assuming that sown area is (a) 114 m.ha. or (b) 110 m.ha., given target output of 455 m. tonnes in 1995 and 500 m. tonnes in 2000. Note that 'grain output' is not comparable with the Indian concept as it includes potatoes and paddy in unhusked form.

Source: Constructed from Ash 1993, various tables.

Table 4: Structure of Gross Agricultural Output Value 1980-1990

	Crops	Forestry	Animal Products	Aquatic Products	Total
1980	76.73	4.25	17.15	1.88	100.0
1985	73.43	5.01	18.37	3.19	100.0
1990	72.43	5.06	19.25	3.26	100.0

Table 5: State Investment in Agricultural Capital Construction

Period	Volume of Agricultural Investment mn. yuan	Total State Capital Construction	Per cent of 1 to 2
1853-55	602.67	9624.17	6.26
1956-58	1667.00	18841.90	8.85
1959-61	3168.67	28906.30	10.96
1962-65	2221.25	12323.88	18.02
1966-74*	3366.25	33932.23	9.92
1975-77	4039.67	38935.20	10.38
1978-80	5443.00	52815.72	10.31
1981-83	3292.67	53091.78	6.20
1984-86	3603.00	99974.95	3.60
1987-89	4631.00	147741.18	3.12

Source: State Statistical Bureau, *Statistical Material on Fixed Capital Investment 1950-1985*, Beijing, 1987. For the Cultural Revolution period 1966-74, calculated from the China Statistical Yearbook which gives the five-year average for 1966-70 as 2.085 m. yuan, 10.7 per cent of total investment and for 1971-75 as 3.461 m. yuan, 9.8 per cent of total investment.

Table 6: Distribution of Gross Sown Area 1978 and 1990 (million ha.)

	Food grains	Economic Crops	Other
1978	120.59	14.44	15.08
1990	113.47	21.42	13.48
Per cent			
1978	80.34	9.62	10.05
1990	76.48	14.44	9.09

Source: Compendium of Rural Economic Statistics

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SUNANDA SEN*

Growth Centres in South East Asia in the Era of Globalization

INTRODUCTION

The success of the earlier generation of the newly industrialized countries (NICs) in Asia in achieving and maintaining high domestic growth rates has been followed, in more recent years, by rapid growth in domestic output, foreign trade and capital inflows in South East Asia. As happened with the earlier groups of NICs, the relative success of second-generation NICs in Asia has opened up a debate on the sources of such strength. The issue has assumed a greater degree of significance in view of the divergent experiences of countries that have liberalized and opened up their domestic economy. For example, the Southern Cone countries of Latin America have experienced severe problems in managing their external accounts, in spite of a reasonable rate of domestic economic growth—in contrast to Far East and South East Asian countries, which had a much better performance record during the years of trade and financial opening up. It is, however, important not to ignore the possibilities of financial upheavals, actual as well as potential, that often lie embedded in these processes. While mainstream economics and the dominant school of policy-making have both emphasized the unique role of the market in ensuring growth via efficiency, sceptics have drawn attention to the parallel role of the State in resource allocation, distribution, demand generation and price stability. Looking beyond developing countries, the performances of the industrialized nations convey a similar discordant note, recalling their record of financial booms and busts associated with low growth.

In this paper we attempt an analysis of the growth performances in South East Asia during the last decade, an episode which has gained a lot of significance with the ongoing debate on the implications of policy reforms in developing countries, including those of capital account convertibility. Section I explains the recent pattern of global capital flows in the direction of the developing areas, indicating a concentration of both foreign direct investment (FDI) and portfolio flows in some countries. These include, as part

* Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

of the emerging markets for private capital in the developing areas, four countries in the Association for South East Asian Nations (ASEAN). Section II discusses the experiences of Indonesia, Malaysia and Thailand, the three major performers in terms of domestic growth and capital inflows—henceforth referred to as the ASEAN-3. The analysis examines the real-financial nexus of growth and stability in these areas. It is noted that, while a great deal of reliance was placed on liberalization of markets, such efforts in these areas were matched by a significant dose of State surveillance over national economic policies. A related issue concerns the sustainability of their growth path, particularly in view of the possible degree of vulnerability that seems to arise from the openness of these economies. The analysis in Section II is divided into three parts, dealing respectively with: (a) the links between industrialization, trade, foreign investment and State policies; (b) financial stability and the underlying factors; and (c) the risk of financial upheavals occurring in these countries, especially in those with financial openings. The last mentioned aspect draws on the frequent financial turmoil both in the developed as well as in some developing countries that have failed to maintain the requisite degree of surveillance over capital flows. Section IV reviews the issues concerning the role of the State *vis-à-vis* the market in the three high-growth economies of South East Asia. A final section contains some concluding observations.

I: DEVELOPING COUNTRIES IN THE INTERNATIONAL CAPITAL MARKET

Despite their small share in the international capital market, the developing countries are seen in financial circles as having a higher order of investment potential, compared to the advanced economies. It has actually been claimed by Baring Securities, a renowned investment house in the United Kingdom, that the “emerging markets will regain their position lost at the beginning of the First World War”. In terms of this forecast, the developing countries in Asia, Africa, Europe and Latin America should receive, by the end of this century, around 40 per cent of global portfolio investment, which at the beginning of the 1900s was the major vehicle for international financial flows (*Baring Securities*, 1992, pp. 3–6).

Table 1 provides a picture of the global flows of private capital and their composition since the mid-1980s, with the distribution of portfolio and bank credit flows as well as FDI. It is interesting to observe that developing countries absorbed more than one-quarter each of the global total in FDI and equity flows during 1990–93. The ASEAN’s share in the global flow of portfolios and FDI caught up by the early 1990s, reaching the level held by the NICs (Table 2). A steady shift in the flow of FDI, away from the NICs and in the direction of the ASEAN (or South East Asia), is evidenced by the stock of FDI held by these two regions during the 1980s (see Table 3 on the stock of FDI held by the different host regions during 1980–94). The estimated stock of FDI in South East Asia seems to have been comparable to sums held by the NICs since the beginning of the 1980s. These observations may by

supplemented by data in Table 4 on the sources of FDI inflows to the three most dynamic ASEAN economies. One can identify a pattern for a distinct global relocation of private investment during the 1980s, away from the earlier generation of East Asian NICs, which provided a major destination for these flows during the 1970s. The changing direction of FDI flows from the triad, comprising Japan, the United States and the European Union (EU)—the three major home regions—is evident as one compares the annual averages of flows to the NICs and the ASEAN during the period 1985–87 with those in 1990–93. Annual averages relating to the aggregate flow of FDI from the triad to the ASEAN reached \$7,092 billion during 1990–93, a sum more than five times the value at \$1,363 billion during 1985–87. For the NICs the pattern was just the opposite, with an annual average of \$7,822 billion during 1985–87, dropping to an average of \$2,822 billion by 1990–93.

The share of developing countries in the flow of portfolio capital also registered marked increases, particularly during the 1990s. However, the magnitude was smaller both in absolute terms and as a share of the respective total in global portfolio flows (Table 1). While South East Asia has of late been trailing rather closely behind Latin America in terms of the magnitude of portfolio finance (bonds and shares), the flow of FDI to Latin America has been much greater compared to the flows to South East Asia during the 1990s (Table 2). Much of it however, has been related to the “return” or revived flow, of private capital to Latin America during this decade, as may be gathered from the \$14.9 billion annual average of FDI inflows to Latin America and the Caribbean during 1989–1994, a sum more than 4.5 times the annual average flow of \$3.15 billion during 1983–1988 (UN, 1995, p. 393).

Changes in the magnitude and destination of cross-border private capital flows in the direction of the ASEAN-3 raise the following questions: (a) What is the explanation for the above shifts in the destination of international capital flows? (b) Has the latter initiated a certain relocation in global production and trade? (c) What has been the pattern of interrelations (or balance) between *finance* and *industry* in this process? We address these issues in Section II, directing our analysis to the ASEAN, a region which has in recent years performed well in both its domestic and external performance.

II: THE REAL-FINANCIAL NEXUS IN ASEAN-3

Of the four countries comprising the core dynamic regional block called the ASEAN, Indonesia, Malaysia and Thailand seem to be going through a relatively more rapid pace of economic transformation compared to the fourth country, the Philippines. This is reflected in at least three aspects of their respective economic performance: the first two relate to GDP and industrial growth rates in the area. Thus, the average annual growth rate of GDP during 1981–90 was only 1 per cent in the Philippines, as against 6.2 per cent in the other three countries. In terms of industrial growth, the Philippines’ record was a negative figure of –0.8 per cent, as against 7.8 per

cent on an average for the other three ASEAN members during the same period. The gap widened further during the 1990s: average GDP growth in the Philippines during 1991–94 was less than 2 per cent, in contrast to averages ranging between 7.5 and 8 per cent in the rest of the ASEAN region (Asian Development Bank, 1994, 1995, 1996). Finally, the annual averages of FDI inflows during the period 1991–94 was only \$0.75 billion for the Philippines, as against \$2.1 billion, \$4.6 billion and \$2.0 billion for Thailand, Malaysia and Indonesia, respectively, (UN, 1995, pp. 394–95). These factors justify the exclusion of the Philippines from our analysis of the ASEAN.

A. The trade-FDI-growth nexus

The ASEAN-3 have, in recent years, emerged as significant host regions in terms of their share in the global flow of both FDI and equity (share) flows to developing countries. The underlying tendency to relocate FDI flows may be related to the notion of “time-compressed growth” (or “transnational corporations (TNCs)-cum-home government catapulted growth”), whereby the production and export of high-value producer goods can happen “in tandem” with low-value consumer goods in host economies receiving FDI. The process is facilitated by host government directives and incentives for production and export of high-value products in the domestic economy. The sequence is different from a “product cycle” or the “flying geese” pattern of production, which are based on stages of production in the host economies and FDI inflows, supposed to set up light consumer goods industries at the earlier stages (Akamatsu, 1961, pp. 196–215; Ozawa, 1995, pp. 258–260; UN, 1995, pp. 258–260). Tables 5 and 6 indicate the range of major products currently produced and exported by the ASEAN-3. It can be seen that the products are far from uniform in terms of factor intensities. Thus, in 1993, textiles plus apparels provided a quarter of aggregate manufacturing value-added (MVA) for all products for Thailand, a share nearly comparable with that of transport and machinery in that country.

Here it is important to point out that it is too simplistic to argue that availability of cheap labour always provides a sufficient condition for the flow of FDI to a country. In fact, it is possible to identify a changing gap between unit labour productivity and wages or, to be precise, value-added by labour per unit of wage cost, measured in a common currency, has been a significant factor in explaining the relocation of investment flow across Asia (see Table 7). Changes in the ratio over 1980–93 in Japan and the Asian NICs of the first generation, comparable to those in the ASEAN-3 has made investment relatively attractive in the latter. In general, the rising wage disparity between the ASEAN-3 and Japan as well as other NICs in Asia and more explicitly, the ratio of value-added per worker together with the rate of money wages explain much of the switches as well as fresh flows of FDI in Asia (the ratio can be interpreted as s/v in a Marxian framework). These flows were in the direction of the four NICs in the first instance during the 1970s and the early 1980s and later (from Japan as well as the Republic of Korea,

Singapore and the other NICs) towards the ASEAN-3. Indeed, value-added per worker expressed as a ratio of wages per worker seems to be much higher in the ASEAN-3. In a ranking of the ASEAN-3, Japan, and the Republic of Korea, according to the ratio between value-added and wages per worker, reveal the fact that for the same unit expenditure on wages, Indonesia and Malaysia seem to offer a higher value-added from the very beginning of the 1980s, as compared to Japan and the other Asian NICs. Thailand, the other ASEAN member, underwent rapid improvements in value-added per worker during the 1980s, inverting the pecking order within the ASEAN-3, in terms of the ratio between labour productivity and wages. Another important aspect of these statistics relates to the sharp increases in wages in the two NICs and Japan during the period, which provides an added incentive for the switches in investments from the NICs to the ASEAN. Thus, one has to reckon with the fact that cheap labour in South Asia did not cause a similar spurt in FDI. While cheap labour remains a necessary factor, it was never sufficient to initiate and sustain the flow of FDI to these developing countries.

The TNCs have been attracted by the economic environment in the host economies, which includes, in addition to the favourable wage-labour productivity factor, an in-built mechanism for quality control, infrastructural facilities, technological upgrading, a competitive exchange rate, export incentives and a more functional export platform than in the home economies. In addition, one also observes a definite inclination on the part of foreign investors to count on financial stability in the host regions. The attractiveness of host regions in terms of foreign direct (as well as portfolio) capital flows also depends on factors which are determined externally. In the case of the South East Asian economies, for whom the dollar remained the intervention currency, yen appreciation relative to the dollar after the Plaza meeting in 1985 turned out to be favourable factor for export prospects. A major factor behind the relocation of FDI flows to the ASEAN includes the movements in exchange rates, with a noticeable appreciation of the Japanese yen, as well as of the Singapore dollar and the Republic of Korea's won since the mid-1980s (see Table 8). Much of the above was linked to the depreciation of the US dollar following the Plaza Agreement of 1985. In terms of movements in the real effective exchange rate, the ASEAN-3 maintained a record of steady depreciation of their currency over the period 1990-94 (see Table 9). Evidently, both price movements as well as exchange rates proved conducive in terms of export competitiveness—an aspect which had much appeal to foreign investors. Finally, with the earlier NICs losing their GSP status during the 1980s, South East Asia turned out to be a more effective export platform for foreign investors.

In recent years FDI inflows have been increasingly drawn towards knowledge-intensive industries, such as electronics, rather than towards the standardized product sectors. Even textiles, one of the traditional sectors where TNCs have been active, have been subject to much technological change as TNCs started operating with the help of labour-saving and

synthetic-based processes. This makes it even more obvious that availability of cheap labour alone cannot be adequate to attract foreign investments to the host economies.

The pattern of production within the ASEAN economies, which by and large are dominated by TNCs, reflects a trend towards faster growth in sectors producing high value-added products (see Table 5). The above has been matched by the high export performance of these sectors. Economic incentives, offered by the State to foreign investors to encourage production and export of high-value manufactures used to be common in these countries. According to a recent study, "an all-out push for FDI, especially for exports, . . . offered greater tax incentives and relaxed domestic equity participation for potential investors, bringing technology, and export and employment opportunities" (World Bank, 1993, pp. 302-03).

While it is difficult to judge the validity of such generalizations in the absence of empirical support, these countries definitely went ahead in terms of their trade intensity, as may be judged by the sharp increases in the respective total trade/GDP ratios for Malaysia, Indonesia and Thailand from 0.89, 0.32 and 0.28, respectively, in 1970, to 1.09, 0.66 and 0.35 in 1988 (World Bank, 1993, p. 39).

A significant aspect of the pattern of industrialization, trade and foreign investment in the ASEAN-3 relates to the increasing degree of intraregional trade. This matched the flow of intraregional FDI, as mentioned earlier in this paper. Tables 10 and 11 indicate the high proportion of intraregional trade in total exports from these Asian countries. During 1993, exports from Indonesia, Malaysia and Thailand to Japan and developing Asia together represented 60.8, 53.7 and 39.3 per cent of their respective aggregate exports during the year. The tendency of intra-Asian flows of FDI to relocate in the ASEAN-3 was thus matched by significant increases in the flow of trade within the region. Data on the intraregional pattern of trade in Tables 10 and 11 signify the crucial importance of intra-Asian trade for the region, especially for South East Asia (which primarily reflects the ASEAN). Indeed, in intra-Asian exports South East Asia seems to be the major player, with 54 per cent share of aggregate Asian exports in 1991. The NICs occupy the second place, with 42 per cent of total Asian exports. The same pattern is reflected in the statistics on the direction of exports from the three ASEAN members in question. Evidently, the relocation of FDI inflows within Asia had a role to play in the simultaneous redirection of exports within the region. It is important, at this stage, to assess the role of the TNCs in initiating intra-firm and intra-industry trade in the region, preliminary observations on which lead to the conjecture that much of this trade was led by the TNCs, possibly by means of intra-firm and intra-industry trade. The argument, however, can only be verified by using data on firm-level production and trade for individual countries.

It may be useful at this stage to draw attention to the sectoral distribution of the FDI stock in Indonesia, Malaysia and Thailand. The data in Table 12

indicate that a dissimilar pattern prevailed towards the end of the 1980s, with two economies accounting for high to moderate shares of aggregate FDI stock in the primary sectors, as may be seen from the table. Incentives offered by the State for output and export diversification have probably changed the scene, indirect evidence of which is available in the steady rise of manufacturing production in these countries, much of which was TNC-driven.

An unfavorable aspect of the high-growth syndrome, especially with the ASEAN-3's high exports during the 1980s, relates to adverse movements in their terms of trade and unit prices of exports, particularly for Indonesia and Malaysia (see Tables 13 and 14 for relevant statistics). In fact, the growing share of manufactures in the exports of the countries concerned was matched by a drop in export unit prices, as shown by the data in Table 14. Again, one may form a conjecture about the possible tendency on the part of TNCs to use transfer pricing or dumping to maximize profits and/or capture external markets, using the channels of intra-firm as well as intraregional trade. Facilities for exports in the form of duty drawbacks or other fiscal concessions might be utilized to these ends. To provide a hypothetical example, an incentive of 20 per cent on the f.o.b. value of exports could be used to cut their foreign prices and thus reduce their unit value. Again, efforts on the part of a foreign subsidiary firm to charge a lower price on products sold to its affiliate abroad (as a form of transfer pricing) would proportionately reduce the export unit value of such products. If average import unit values do not decline in the meantime, the process would contribute to a drop in the terms of trade.

Again, such conjectures can only be verified with firm-level data on product pricing. One can observe the growing share of manufactured exports in the ASEAN-3's total exports from at 60.6 and 5.5 per cent, respectively, for Malaysia and Thailand in 1991 (Table 15). It is probable that the foreign-controlled firms in these countries are relatively more active in export business. Thus, in Malaysia 37 per cent of foreign-controlled firms in a sample observation were found to be exporting more than 70 per cent of total value of their sales in the 1990s (Eng, 1992). The presence of foreign-controlled firms can thus be identified in these economies in the pattern of production, exports and the unit prices of tradeables. In this context, Table 3 shows recent changes in the sectoral distribution of FDI flows and stock for each country.

B. The financial scene: external financial openness and policy

With Singapore operating as a kerb market, controls on capital flows were not feasible in either Malaysia or Indonesia. Such controls were fairly relaxed in both countries and in Thailand by the late 1980s through a steady pace of financial opening. It is noteworthy that none of the three countries was under pressure from such international financial institutions as the IMF or the World Bank to open up their markets, given the fact that they hardly borrowed under conditional loan packages. In Malaysia, an international

stock market was set up as early as 1973, when permission for direct investment was also granted to foreigners. A drive on the part of the State to attract FDI inflows gathered momentum in 1985–86 as unit prices for the major exportables (palm oil, rubber and natural gas) dropped in the international markets. Parallel processes of capital account openings had been visible in Thailand since the early 1970s, when the prevailing negative list relating to FDI was successively pruned. Between 1985 and 1990 separate funds, designated as Bangkok and Thai funds, etc., were set up in the international capital market. A steady pace of financial liberalization culminated in the setting-up in 1993 of the Bangkok International Financing Facility (BIFF), an institution which aimed to be at par with other offshore financial markets. In Malaysia also, facilities offered to foreign investors continued to be increasingly generous. In Indonesia, the process of opening up to foreign investors was relatively slow, until it picked up largely owing to the drop in the prices of crude oil in the mid-1980s. Similar developments were visible with the process of opening up to portfolio capital inflows. The pace of capital account opening, however, was both slower and less effective in the ASEAN-3, until both inflows and outflows of portfolio capital gathered momentum by the late 1980s.

The above observations on capital account regimes in the ASEAN-3 lead to the generalization that capital account convertibility in these countries has in part followed a contagious effect, given the ongoing trends for financial liberalization elsewhere, and in part from the need felt by these economies to attract foreign capital to overcome shortfalls in export earnings arising from the drop in export unit values. This provides a contrast to similar processes of capital account opening in Latin America or, more recently in South Asia, with conditional borrowings from the Bretton Woods institutions setting the pace.

We shall now examine the quantitative impact of liberalized capital account regimes on capital flows to the Asian economies in question. Table 16 shows the steady increase in direct investment inflows, especially in Malaysia and Thailand (and, since the beginning of the 1990s, in Indonesia). Loans, mostly from private sources, also provided substantial figures for Thailand and Indonesia, while for Malaysia such borrowings became significant only very recently. The remaining major components of capital account inflows include portfolio and other short-term inflows, both of which have of late been prominent as well as volatile in all three countries. The above aspects are reflected in the composition of the debt stock (which excludes the non-debt-creating, long-term, private flows), as well as in the aggregate net annual resource flows (inclusive of all long-term inflows and outflows) for these countries (see Table 17 for debt stock figures).

The vulnerability of the balance of payments may be defined as a mismatch between investment income liabilities and capital account inflows, which are of a durable (as opposed to a transitory) nature. The problems can be aggravated by developments in the current account, with a drop in export unit

prices for major exportables. It is important to note that for the ASEAN-3 balance-of-payments vulnerability has become real, as steady increases in contractual investment income liabilities have been accompanied by rising inflows of portfolio and short-term capital inflows, both of which are typically subject to marked degrees of volatility (Table 17). For Malaysia and Indonesia, the drop in the unit price of exports caused problems, as the international price of palm oil and natural gas (Malaysia) and crude oil (Indonesia) dropped by the mid-1980s. After the Plaza Agreement the decline in the dollar further depressed the international price for crude oil, which was by and large denominated in dollars. The shock turned out to be particularly severe for Indonesia, where the share of oil revenue was nearly 70 per cent of total export earnings during the 1970s. As can be seen from the statistics in Table 15, all the ASEAN-3 economies, including Indonesia, had considerably diversified production and exports into manufacturing by the late 1980s. An open-door policy adopted by them vis-a-vis foreign capital was one of the proven methods to avoid pressures on the balance of payments. Incentives accorded to exports and the tying-up of foreign investment had high priority on the policy agenda, as pointed out earlier.

A "Dutch disease" syndrome, with the sudden influx of capital causing a spurt in exchange rate of the local currency, was a possibility which the policy makers in the ASEAN-3 deliberately tried to ward off. A major consequence for them of the capital inflows was a steady rise in exchange reserves, which was potentially inflationary. Attempts, in the three countries to maintain the competitiveness of exports were evident, with open-market operations to mop up liquidity and also, by maintaining surpluses in the domestic budget. In addition, attempts were made to achieve (or maintain) export competitiveness by resort to exchange rate depreciations. While the exchange rate as well as the consumer price index were fairly stable, monetary-fiscal policies adopted in these countries during the 1990s were generally restrictive (see Table 18), which contrasted with the generally expansionary policies during the previous decades.

Analysing the details of country experiences, Indonesia's domestic budget was governed by a constitutional provision which ruled out any deficit. The country could therefore tap resources from abroad, even to meet its domestic needs. Thus, a revenue deficit, if uncovered, could be financed by sourcing external finance. Indonesia, however, received very little funding from international markets for credit during the 1980s. It had a low international credit rating with private agencies. There was a drive on the part of the country's national authorities to tap concessionary sources of any international credit readily available (which was readily offered by the Intergovernmental Groups on Indonesia (IGGI), a consortium founded by the Western nations and multilateral financial institutions, including the Asian Development Bank, after President Suharto came to power in Indonesia in 1966. Thorbecke, 1992, p. 49). Concessional long-term official borrowings had a large weight in the stock of external debt, reaching about 30 per cent of the

total by end of 1994 (World Bank, 1996, p. 222). The steep increase in official borrowings during the 1980s was the direct outcome of the successive oil shocks in 1982 and 1986 which pushed down the price of crude oil from \$ 34.3 per barrel in 1981–82 to \$ 25.0 in 1985–86, and down even further to \$12.6 in 1986–87. It is noteworthy that the international price of Indonesia's reference grade oil fell from \$28 a barrel to \$10 a barrel between January and June 1986 (Thorbecke, 1992, p. 40). With the soft landing of the dollar during 1986 and 1987 after the Plaza Agreement, Indonesia's oil revenue declined further, as oil prices were fixed in dollars. According to some calculations, the loss of GDP in Indonesia, caused by the drop in the terms of trade (largely in crude oil prices) from their level in 1981, was at 14.1 per cent for the average GDP in 1983–88 (Thorbecke, 1992, p. 164). Devaluation of the Indonesian rupiah by 28 per cent was one of the immediate responses by the government, which was followed by another rather unexpected devaluation in 1986 by a margin of 31 per cent. Capital flight, which reached a sum of \$1.8 billion between devaluation of the rupiah in September 1986 and the following three months, was a recurring problem, as indicated by a \$1.7 billion figure for capital flight in May 1987.¹ Large official borrowings, however, pushed Indonesia's debt indicators to rather alarming levels, as evidenced by the ratio of debt servicing to export earnings hovering around 35 to 40 per cent during 1987–93. With controls exercised by the government on monetary and fiscal variables and with a reasonably high growth rate of output averaging 7.7 and 5.5 per cent respectively during 1971–80 and 1981–90, domestic inflation in Indonesia was gradually brought under control, with consumer prices rising by 17.5 and 8.6 per cent respectively during 1971–80 and 1981–90. The rate has been reasonably moderate during the 1990s, ranging between 7.2 and 9.2 per cent (ADB, 1995–96, p. 247).

The ability of the Indonesian economy to attain non-inflationary growth was to a large extent facilitated by the close control exercised by the government over finance as well as industry in the domestic economy. The State was in a position to regulate both the flow as well as the allocation of credit in the economy by virtue of its continued ownership of major commercial banks, even after the PAKTO reforms of October 1988 allowing domestic and foreign banks to function in the economy. State control of financial assets in the economy could be used both to combat inflationary tendencies during the oil boom (the government's bank deposits were utilized for government spending, and the revenue of the State-controlled oil monopoly Petromina was used to buy Bank of Indonesia certificates) and later to provide liquidity to the domestic credit market, as the banking reform led after 1983 to steep increases in domestic interest rates, with the deposit rate shooting up from 6 per cent in 1983 to 16 per cent in 1984 (Table 18). The Bank of Indonesia performed as a lender of the last resort and also created a market for encashing Bank of Indonesia certificates. The government's ability to control the country's financial assets was related to the nationalized export sectors as well as to official borrowings and its large ownership in banking.

Control over finance also allowed the government to direct credit via the closely monitored "liquidity credit" system, with the latter exceeding 90 per cent of credit advanced by the nationalized State banks during the 1980s. The five State-controlled banks managed, together with Bank of Indonesia, 80 per cent of the financial assets by the late 1980s. Its ability to control the direction of credit allowed the government to achieve much higher rates of growth for the exports and industrial output than would have otherwise been possible.

In Malaysia the pattern had been roughly similar, with State control over export revenue from nationalized sources of non-renewable resources, which continued to provide a large proportion of total export earnings up to the mid-1980s. While banks were not as much under State ownership as in Indonesia, Malaysia became a model for prudential regulations on banking. As in Indonesia, the government could influence credit flows, for example, by transferring deposits in the Employee Provident Fund (comprising 20 per cent of domestic financial assets) to Bank Negara, a step which considerably eased the domestic liquidity shortage during the 1980s. While more than one-third of the investment funds in industry were advanced by the federal government, the state's share was also high in production and exports. Bank Negara, Malaysia's central bank, had a decisive role in monetary management and was also able to stem capital flights by means of directives (Wawn, 1982, p. 47). However, in Malaysia the State followed a deliberate policy to exclude foreigners from ownership in the corporate sector by giving concessional loans and other facilities to Malaysian *bumiputras* (the Malay presence) and other residents, whose share in corporate assets went up from 38 to 70 per cent between 1971 to 1990 (Fischer and Reisen, 1992, p. 47).

Malaysia's external borrowings were insignificant until very recently, and FDI flows continued to fetch significant inflows of capital on a net basis, rising from \$1.6 billion in 1989 to \$4.3 billion in 1993, when gross FDI inflows reached \$5 billion. As a consequence, the debt service ratio was remarkably low, especially when compared to Indonesia, with Malaysia's debt service ratio dropping to 6-7 per cent of export earnings during the 1990s (World Bank, 1994-95, p. 290). Gross inflows of FDI, which were less than \$1 billion in 1970, increased steadily to reach nearly \$1 billion by the early 1980s and \$5 billion by 1983. From the early 1970s, FDI and other capital inflows were actively encouraged by the State. The impetus accelerated during the 1980s, as foreign equity holdings were allowed to exceed 50 per cent in high technology units in 1985 and 100 per cent foreign ownership was allowed in the export-oriented units (EOUs) of industries in 1987. Both FDI and portfolio capital inflows were encouraged by allowing foreign firms to raise funds in domestic markets (1989) and to operate in local stock markets (1987-90).

Attempts to prevent upward pressures on the ringgit-dollar rate, as might have been caused by the steady increases in FDI and loan inflows and their impact on the stock of international reserves (which exceeded \$10 billion by 1990 and \$28 billion by 1993), led the monetary authorities to exercise close

control over the money supply. This included various attempts to sterilize the effects of capital inflows on the money supply, with enhanced statutory reserve requirements (SRR) by commercial banks, transfers of Employees' Provident Fund deposits to Bank Negara and the absorption of excess liquidity from the market by open-market operations. On the fiscal front, the government curtailed the level of expenditure to the extent that the budget was in surplus in 1994. Simultaneously, the rate of interest in the Malaysian money market rose, relative to foreign rates and along with expected appreciations in the ringgit-dollar rate, while short-term funds continued to flow in although with considerable volatility (see Table 16). The latter, along with steady increases in investment income liabilities, has of late been a cause of concern for the Malaysian authorities, the more so as the steady inflow of FDI tended to taper off in 1994 (Third World Network, 1996, p. 17). Malaysia's estimated current account deficit—according to estimations provided by Bank Negara—would amount to 8.8 per cent of GDP, largely owing to the import of services, such as freight and remittances of "undistributed profit earnings" by TNCs. The recent widening of the current account deficit has also been matched by a deficit in the overall balance of payments, as is signified by the sharp declines in official reserves ('Strength in Numbers', *Far Eastern Economic Review*, 4 April 1990).

In Thailand, capital inflows were buoyant, reinforcing the country's relatively stronger current-account positions and its ability to avoid losses in trade. The major steps guiding capital inflows from abroad included an emphasis on EOU\$ by allowing full foreign ownership of 100 per cent EOUs, import duty concessions to EOUs, deposits of export earnings on non-resident baht accounts, and offering incentives to encourage regional diversification. Inflows were also indirectly encouraged with permissive rules for outflows. Thus, in 1993, residents were allowed to invest \$5 million without official approval. Loans, mostly from private sources and FDI inflows, provided steady sources of finance from abroad, while the availability of short-term funds and portfolio capital inflows have been volatile. It is noteworthy that inflows of portfolio capital, which were insignificant before 1992, shot up to \$5.4 billion in 1993, while the flow at \$2.45 billion nearly halved in the following year. In earlier years, efforts had been made by the authorities to set up several offshore funds to raise capital by offering offshore facilities by setting up the Bangkok International Banking Facility (BIBF) in 1994, which yielded concrete results. Simultaneously, efforts to stabilize the exchange rate in the face of rising reserves (which exceeded \$14 billion and \$30 billion in the years 1990 and 1994 respectively) yielded results in terms of attracting foreign capital, especially with Thai interest rates set at levels higher than international rates and with the Thai baht remaining a stable currency. However, inflows of portfolio capital to Thailand dropped sharply in 1994, largely as a consequence of simultaneous increases in United States interest rates. In the second half of 1994, Bangkok's attractions as a financial central made it difficult for the central bank to control the upward move-

ments in M2. This led to a set of responses from the Bank of Thailand, which included higher provisions for covering risks on the part of financial companies, as well as tighter credit control. An economic environment conducive to export orientation was targeted by the State as early as in 1983, when a Joint Public-Private Consultative Committee (JPPCC) was established with the prime goal of export promotion (Kunio, 1994, p. 112). Thailand has thus faced situations similar to those in Malaysia and Indonesia in terms of actual and potential vulnerability in its balance of payments, with steady expansion in its investment income liabilities and frequent fluctuations in major sources of capital inflows.

It is relevant, at this point, to draw attention to the political atmosphere which contributed to the economic environment in the three ASEAN countries. It may not be an exaggeration to admit that a definite degree of State control and authoritarianism was present in the ASEAN-3, possibly to varying degrees. In Thailand the military base of the government and its close links with Thai technocracy paved the way for a higher degree of authority, suited to combat the threat of communist challenge and insurgency. The strong State proved an attraction to foreign investors, particularly as it demonstrated an ability to promote export orientation, in addition to maintaining stable prices and competitive exchange rates (Kunio, 1994, pp. 112, 114). In Malaysia one witnesses the pace of an emerging or creeping authoritarianism, such as the thin victory of the United Malays National Organization (UMNO) after the 1969 elections started a process of coercion, coopting the opposition, including the National Front and the Barisan National Party. The new government was soon engaged in bringing back law and order following the race riots in the country, while catering to a new Malay commercial class, which continued to dominate the Malay scene during the years of industrialization over the next two decades. Authoritarianism emerged as an essential ingredient of industrialization and export orientation in the country, with such legislations as the Sedition Act 1969, Official Secrets Act 1972, Trade Union Act, etc., curbing trade union activity and ensuring closer control by the State over the economy. While "strict discipline" was maintained in the country by the above measures, wages could be kept low as long as supply of unskilled labour from the rural areas and illegal immigration from Indonesia continued. (In electronics, the major expanding sector in the 1980s, all strikes other than of an in-house nature were banned.) As the import-substituting strategy of the economy led the way to an export-oriented strategy by the late 1960s, the local capital—dominated by the UMNO-dominated *bumiputras*—chose foreign collaboration in the economy rather than non-Malay enterprises as partners in joint ventures. Indeed, inter-ethnic conflicts and their surveillance by the UMNO resulted in a situation where local capital was "comprador" in nature from the beginning of the industrialization process. This made it easier to transform the economy in the 1980s, with much greater participation by foreign-controlled TNCs. In Malaysia the conversion to heavy industries

(which was simultaneous in the NICs) was initiated by Prime Minister Datuk Mahathir in 1981 on a selective basis and with active foreign partnership. As for the actual functioning of the economy, strict enforcement of *bumiputra* privileges at both the formal and informal levels created a situation where the Malay presence turned out to be practically essential to obtain access to the bureaucracy in Malaysia (Brookfield, 1994; Jomo, 1993). The political process in both Thailand and Indonesia also lent support to a State-administered, if not authoritarian, regime which was conducive to rapid growth in exports and to FDI inflows.

The experiences of the ASEAN-3 with financial opening and liberalization indicate the crucial significance of effective surveillance, at the national level, of monetary and fiscal goals towards price stability and credit allocation to achieve a diversified production base in manufacturing. Such strategies in the respective domestic economies paved the way for a greater degree of integration between industry and finance, both at the domestic and international levels, with an expanding scope for FDI inflows and intra-industry trade at the regional level. Financial and other sectors of these economies were opened up without any outside compulsion from the IMF or other donor countries. The continuing buoyancy of the real sector within the respective domestic economies was maintained by the mutually supportive role of finance and industry, which to a large extent was the result of State policy. Financial controls and regulations, while having an early beginning, were never stretched to an extent which could cause them to conflict with the two above-mentioned goals of gearing finance to the cause of real activity in the domestic economy. The expanding network of the internationally integrated circuits of production and investment in East and South East Asia complemented the above process, especially with flows of FDI seeking better locations, as compared with the high-cost and low-growth economies in the industrial areas. It is, however, important not to omit the implications of the changing scene of global capital flows. The Asian economies—especially the second-tier NICs of South East Asia—targeted by portfolio managers as relatively more attractive bases for financial investment, are a source of financial instability, which may in turn rock the base of the real-financial nexus that has prevailed so long in this region.

C. Sources of financial instability: financial fragility and systemic risk in international markets

Attention needs to be drawn, at this point, to the recent flows of equity capital in the direction of the emerging private capital markets of Asia, which include the ASEAN. As Tables 1 and 2 show, the share of global equity flows towards the developing countries was as large as 30.4 per cent during the first three-quarters of 1994. In absolute terms, the flow in the direction of South East Asia of \$1.1 billion has almost caught up with the figure for Latin America in 1993 of \$1.6 billion—a considerable jump compared to 1991, when the respective flows to the regions were at \$0.6 billion and \$4.4 billion. This

brings us to the potential danger for host economies of possible flights of foreign capital, especially in view of the fragility experienced in the financial markets in both the OECD economies and Latin America.

Recent surges in portfolio investment in the developing countries indicate the possibility of such transmission of financial shocks from one market to another, for example:

- (a) with the drop in interest rates in the United States;
- (b) a greater degree of volatility in stock price movements in developing country financial markets, as compared to those prevailing in the markets of advanced countries;
- (c) a negative correlation between stock prices in advanced countries and those in less developed areas; and, finally,
- (d) the tendency to low growth or stagnation in the developed regions, which makes the developing areas more attractive to international portfolio managers (Griffith-Jones and Ffrench-Davis, 1995; Singh, 1993, pp. 1-28).

While the potential of a sudden withdrawal of portfolio investments is thus no less real in the developing countries than in the advanced money markets, the ability to enforce regulatory instruments may prove severely limited. This is because the informal kerb markets and channels for money transfers to the relatively freer markets in neighbouring countries tend to persist, especially when the State attempts to stall a tendency to financial instability (Akyüz, 1995, pp. 12-13). It is noteworthy that the flow of portfolio investments to South East Asia has been concentrated in equities (rather than in bonds), which until recently have catered more for the Latin American economies. This makes it more hazardous for Asian economies to extend hospitality to portfolio investments, which could initiate a collapse of the financial system. Finally, the relative stability of FDI flows, that in general has prevailed for both developed and developing markets, may also be subject to similar insecurity when a host economy faces a situation of capital flights and low credit standing in the international capital market. An example of recent fluctuations in the flow of equities is the retrenchment of foreign investment in Thailand early in 1994, which was matched by a net outflow of \$1.1 billion portfolio capital during the first seven months of that year, reversing the \$2.7 billion net inflows of portfolio funds in 1993 (ADB, 1994, pp. 231, 239).

It has now been well documented that for countries experimenting with financial liberalization and capital account opening a major consequence has been a greater degree of financial fragility, with risks in one market spreading and propagating to other money markets, which by nature are highly sensitive to changes in asset prices. In the advanced economies, these markets have undergone the following transformations:

- (a) A relative and absolute increase in the flow of security-related

transactions, as compared to the earlier forms which related to pure banking activities;

- (b) A steady dismantling of barriers between the banking and security sectors, with banks involved in a formal or informal capacity in the handling of securities;
- (c) A parallel space for a TNC-driven flow of investments and trade, in particular to the developing regions offering potentials in terms of domestic growth as well as financial stability. With a gradual decline in cross-border bank credit flows, the changing direction and pace of FDIs and security flows can be treated as a barometer to gauge the degree of stability (or volatility) of the international financial markets.

The growing significance of security transactions in the international capital market has brought to the fore the following problems:

- (a) Greater uncertainty in the performance of financial instruments, especially in comparison with bank credit or FDI flows. Flows of portfolio investment including bonds and equities as financial assets are subject to market risks, with fluctuations in their prices and, in the case of equities, the yield. This obliges the investor to undertake risks, that, if high, demand proportionate increases in returns, which may be harder to achieve.
- (b) Risk-management has thus become indispensable in handling securities—an aspect responsible for the introduction of a wide range of derivative instruments in the advanced economies handling large secondary markets for securities. While derivatives may lend a relative degree of flexibility to investors, who can now cover part of their risks by switching the forms and maturity of financial assets, such possibilities encourage spillovers between different sectors of financial markets.
- (c) With the conventional role of banks in providing credit to the non-bank sector being no longer as important as in the past, banks—particularly in well developed financial markets—have continued to remain the major source of liquidity, even for the security sector. It is now usual for banks to diversify their portfolios by holding securities, as is apparent from the large share of the non-bank sources of earnings in aggregate earnings of transnational banks. That banks have been involved in security business is apparent from the share of non-bank assets and liabilities in the bank portfolios of BIS-reporting countries. Thus, during the period 1988–91 the shares of non-bank assets and liabilities in bank portfolios were as large as 36.4 and 23.5 per cent respectively of their gross assets and liabilities. As may be expected, non-interest sources as percentages of gross bank income during the same period were as much as 34, 36 and 48 per cent respectively for the United States, the United Kingdom and Switzerland during the

same period (BIS, 1992, pp. 162, 196). This aspect of bank behaviour intensifies the potentials for financial crises, with a liquidity crunch destabilizing both the security and banking sectors.

- (d) Finally, the rather complex pattern of the financial conglomerates resulting from the overlapping of different segments of the financial market render difficult for the national and international supervisory agencies the task of implementing the regulatory norms.

The fact that banks in well-developed financial markets are now subject not only to credit but also to market risks aggravates the vulnerability of the financial system as a whole, with systemic risks plaguing the interlinked markets for bank credit, securities, foreign exchange and their derivative products (OECD, 1992, p. 72). That derivatives can actually destabilize and "melt down" well-functioning financial markets has been clearly demonstrated by the happenings in Hong Kong and New York during the stock market crash of October 1987 (UNCTAD, 1995, pp. 102-03).

In the mainstream position on related issues, a path leading to an end to "financial repressions" is often advocated for developing countries as a means to achieve growth via allocative efficiency (ORCD, 1992, p. 72). Financial opening was also supposed to rejuvenate the effectiveness of monetary policy by permitting the free play of all markets including that of foreign exchange.² Such prophecies, however, have not been fulfilled even in the advanced money markets, as is apparent in their frequent upheavals and the recessionary trends in the levels of the domestic real activity in the OECD economies.³

For developing countries, the lessons of Mexico in the recent past and of other Southern Cone countries in Latin America in the 1980s provide cautionary tales of financial opening and international integration, especially when these areas are targeted by portfolio managers. Noticeable spurts in the flows of equities in and out of the developing countries, designated as "emerging markets" in financial circles, opens up these economies to potential balance-of-payments and financial crises. For portfolio investors diversification of the portfolio is far better achieved as assets have a wider country coverage, now encompassing new territories. The latter have been especially attractive owing to an inverse (or low positive) correlation between stock price movements in these markets and those in the major stock markets in advanced countries.⁴ However, the thinness of stock markets makes for a much greater volatility of stock prices and turnover in these new markets, a fact borne out by available statistics.⁵ The above provides an additional cause of concern for host countries in the emerging stock markets, mainly because these markets are currently subject to much greater fluctuations in the inflow of portfolio capital. It is worth recalling the fact that stock prices in Indonesia, Malaysia and Thailand rose by 109.2, 99.5 and 97.0 per cent respectively in 1992-93, followed by a drop of -20.6, -23.3 and -13.1 per cent respectively during 1993-94 (Feldman and Kumar, 1995, p. 186).

III: CONCLUDING OBSERVATIONS

The buoyancy in the ASEAN-3 that has been visible now for more than a decade, resulting from high-growth rates in GDP, domestic savings, investment and exports, has been complemented by steady inflows of long-term capital, including both direct investment flows and loan capital (especially for Indonesia). These inflows have been considerably influenced by the active role played by the respective host governments to attract foreign capital for long-term investment in their economies. This was particularly so by the mid-1980s, following the reversal in oil and natural gas prices in the world market when two of these countries, Malaysia and Indonesia, felt the compulsion to reduce commodity concentration in production and exports. While direct incentives played a more important role in Malaysia and Thailand in achieving the desired goals of product diversification and export promotion, in Indonesia use was made of State-directed credit, where loans (up to the early 1990s) and State-controlled export revenues and financial assets provided the means to direct credit in the economy. The drive launched by host governments, which included various packages of incentives (especially EOUs) offered to foreign investors, yielded positive results in terms of actual FDI inflows to the ASEAN-3, which have been able to carve out a larger share of intra-Asian FDI flows during recent years, replacing the first generation of Asian NICs.

Tendencies for a relocation of FDI flows within Asia can be explained by rising wage costs relative to labour productivity in Japan and first-generation NICs, making these areas unattractive to foreign investors as compared to the ASEAN, where wages have risen less relative to labour productivity.

Targeting inflows of FDI to the ASEAN-3 has proved effective in achieving growth in high technology, high MVA products, as well as product diversification of output and exports. TNC operations in these countries have been most effective in ensuring a higher order of intra-Asian trade and investment, especially with their reliance on intra-firm and intra-industry trade. It has often been observed that TNCs have been relatively more active in export trade, as compared to trade within the respective domestic economies.

In these highly performing Asian economies, a slump in average export prices translates into a similar drop in their terms of trade. While the dominance of primary goods in the total exports of Indonesia and Malaysia during the early years of both the 1970s and the 1980s can explain the initial years of decline, the steady drop in export prices in more recent years needs further explanation, particularly with the prominence of manufactures in domestic output and exports. This can be explained by the conjecture that a great degree of TNC involvement in production and trade in these economies may be held responsible for transfer pricing and dumping. This argument, however, needs to be established by further research, preferably with firm-level data. Thus, while actions and initiatives on the part of the State in the ASEAN-3 successfully stemmed the inflow of foreign capital in their domestic economies and also ensured steady expansion in output and exports of

manufactures, such actions had little impact, or none whatsoever, on the pricing strategies of the TNCs.

The direct involvement of national governments in encouraging inflows of long-term foreign investments to their respective domestic economies proved effective in providing a niche for nascent industrial capital. A set of externally determined factors, including, in addition to inter-country wage-labour productivity differentials (the appreciated exchange value of the yen relative to the dollar and the end of GSP status for first-generation NICs), favoured the ongoing relocation of FDI inflows to the ASEAN. The above tendency was reinforced by the close monitoring of the financial variables by monetary authorities in these countries, in a bid to ensure both export competitiveness and stable returns on foreign investment. Ample use was made of the monetary-fiscal tools, which included open market policies to sterilize an excess supply of money in the economy as well as tightening of the fiscal balances. Interest rates were often pitched at levels higher than the international rates, thereby attracting short-term funds. Through these policies, efforts were made to prevent appreciations in exchange rates and also to control expansions in the money supply resulting from a steady accumulation of exchange reserves, the latter often being a direct consequence of the purchase of foreign currency by national monetary authorities.

The vigil on the possible impact of long-term capital inflows on growth and financial stability that has been exercised fairly successfully in the past in the ASEAN economies contrasts with the inadequacy of policies to combat the impact of volatile short-term capital and equity flows. Lately these flows have been a source of vulnerability for their balance of payments, particularly with the steady expansion in the contractual investment income liabilities in the face of the recent drop in these countries in net flows of FDIs and loans from abroad. Portfolio capital has recently assumed a greater degree of significance in these economies. Thus, assets held in these areas are viewed by international portfolio managers as good investment potential, especially with the observed tendency for stock prices in these markets to be less sensitive to movements in prices in major stock markets. The thinness and primitive institutional set-up of equity markets in the developing regions, however, generate a range of price fluctuations in their domestic markets, the amplitude of which is greater than those in advanced country stock markets. In the ASEAN-3, monetary-fiscal restraint has often resulted in an interest rate structure which attracts short-term capital. While this adds to potential shocks caused by a sudden withdrawal of funds, the rise in interest rates could dampen domestic investment prospects, particularly in a fluid situation of high risks under financial uncertainty.

The above aspects call for the attention of policy makers in the host economies as well as of multilateral official institutions concerned with trade and finance. The current scene requires rather urgently, strategic measures, so that the growth achieved in these countries over the last 15 years does not disappear as a result of sudden shocks generated in their financial systems.

Table 1: Private capital flows to developing countries: 1985–1994
(Annual averages in millions of dollars)

	Portfolio				Total
	Bonds	Equities	Banks	FDI	
World					
1985–1989	211.7	9.7	86.7	127.7	523.8
1990–1993	338.3	23.7	123.8	177.6	777.4
Jan./Sept. 1994	316.6	35.2	111.8	–	–
Developing countries					
1985–1989	4.3	0.1	16	21.6	44.8
1990–1993	18.4	6	20.4	48.3	100.4
Jan./Sept. 1994	25.9	110.7	16.5	–	–

Source: OECD, *Financial Market Trends*; UNCTAD, *World Investment Reports* (various issues).

Table 2: Developing countries and private international capital flows
(In billions of dollars)

	1991	1992	1993	1994
Bonds:				
Latin America	4.9	8.2	24.9	7.2 ^a
South East Asia	4.2	5.7	20	9.4 ^a
East Asia	–	–	–	–
Total: developing countries	9.4	14	45.6	18.1 ^a
Bank loans:				
Latin America	0.9	1	2.2	0.1 ^a
South East Asia	14.6	11.7	15.7	6.8 ^a
East Asia	–	–	–	–
Total: developing countries	26.7	16.5	18.7	8.5 ^a
Shares:				
Latin America	4.4	4.5	5.5	1.6 ^a
South East Asia	0.6	1.8	4.6	1.1 ^a
East Asia	–	–	–	–
Total: developing countries	–	–	–	–
FDI:				
Latin America	15.2	17.7	19.9	20.2 ^b
South East Asia	7.4	8.9	7.9	10.2 ^b
East Asia	7.8	10	9.8	10 ^a
Total: developing countries	39.1	55	73	84 ^a

Source: OECD, *Financial Market Trends* (June 1994); UNCTAD, *World Investment Report* (1995).

^a January–May 1994 ^b January–December 1994.

Table 3: Stock of FDI inflows by host regions: 1980–1994
(In billions of dollars)

	1980	1985	1990	1993	1994
World	480.61	727.9	1709.29	2079.53	2319.28
West Europe	198.99	242.18	757.81	883.52	964.12
USA	83.04	184.61	394.91	445.26	504.4
Japan	3.27	4.74	9.85	16.88	17.77
Latin America	48.03	71.93	116.44	167.55	186.21
Asian NICs	11.46	22.26	63.36	92.46	104.51
ASEAN-4	18.54	36.77	63.06	88.52	100.22

Source: UNCTAD, *World Investment Report* (1995, pp. 401–05).

Table 4: Sources of FDI inflows to ASEAN-3
(In billions of dollars)

To/From	USA	Japan	EU	NICs	ASEAN	China
Indonesia:						
1980	0.43	3.46	0.85	1.19	0.07	—
1993	3.7	13.93	9.96	17.23	0.28	0.07
Malaysia						
1980	0.41	1.13	1.72	2.35	—	—
1993	3.51	7.43	5.84	11.5	1.39	2.37
Thailand:						
1981	0.32	0.28	0.32	—	—	—
1993	2.41	4.57	2.41	4.37	—	—

Source: UNCTAD, *World Investment Report* (1995, pp. 49–50).

Table 5: Commodity breakup of MVA: 1980 and 1993
(In millions of dollars)

		<i>Indonesia</i>		<i>Malaysia</i>		<i>Thailand</i>	
		1980	1993	1980	1993	1990	1993
Food products		376	1784	682	1289	2039	5658
ISIC	Beverages	-	-	108	176	682	1917
	Tobacco products	649	1195	95	166	375	1202
311/2	Textiles	420	1240	188	572	1118	5130
313	Wearing apparel	15	325	68	419	591	5034
314	Wood & products	239	1460	405	863	244	747
321	Other chemicals	241	700	119	401	245	1054
322	Petroleum refinery	-	-	117	301	537	2369
331	Ind. chemicals	145	694	81	1561	94	152
352	Plastic products	25	216	70	489	221	1385
353	Rubber products	164	745	302	818	221	1351
351	Electrical mach.	180	414	455	3773	340	2217
356	Transport equip.	217	1153	154	779	338	2113
355	Non-metal minerals	200	327	172	710	267	3084
383	Metal products	118	1076	118	1076	267	1295
384	Non-electrical machinery	53	112	119	631	221	1385
381		3389	13961	3711	15621	9028	41571

Source: UNIDO, *Industry and Development* (1995; pp. 167, 185, 216).

Table 6: Exports from ASEAN-3

		<i>Indonesia</i>		<i>Malaysia</i>		<i>Thailand</i>	
		1980	1994	1980	1994	1990	1994
		(Millions of \$)		(millions of ringgit)		(millions of baht)	
Food and live materials		1291	3293	1013	4479	59338	235495
Crude mat. excluding fuels		3569	2888	9105	11508	19095	55757
Mineral fuels, etc.		17785	9417	6898	11144	936	23725
Animal, veg. oils and fats		-	-	3131	10485	-	-
Basic manufactures		-	-	3691	13910	29475	190155
Machines, tr. equip.		-	-	3238	82162	7618	373438
Misc. manufactures		-	-	738	13610	8467	224965
Total		23951	39497	28172	133688	133197	1133289

Source: ADB, *Key Indicators of Developing Asian and Pacific Countries* (1995).

Table 7

	1980		1990		1993	
	Value-added per worker	Wages	Value-added per worker	Wages	Value-added per worker	Wages
Thailand	5675	2543	13613	3523	171784	4661
Malaysia	8198	2257	10881	3240	14400	4148
Indonesia	3497	743	4265	925	4949	1128
Republic of Korea	9545	2837	33184	10800	46234	15393
Singapore	13942	4168	33886	10800	46234	15393
Taiwan Prov. of China	7466	2678	24523	10168	33462	14017
Japan	30912	11522	79823	26368	106510	37854

Source: UNIDO, *Industry and Development* (1995; pp. 174, 177, 207, 215).

Table 8: Movement in exchange rates as measured by local currency/dollar
(Annual percentage)

	Japan	Singapore	Rep. of Korea	Indonesia	Malaysia	Thailand
1987	-14.2	-3.3	-6.7	28.2	-2.4	-2.2
1988	-11.4	-4.4	-11.1	2.5	3.9	-1.7
1989	7.7	-3.1	-8.2	5.0	3.4	1.6
1990	5.0	-7.1	5.4	4.1	-0.1	-0.5
1991	-7.0	-4.7	3.6	5.8	-	-0.3
1992	-5.0	-5.7	6.4	4.1	-5.8	-0.5
1993	-12.2	-0.8	2.8	2.8	1.0	-0.3

Source: IMF, *International Financial Statistics*.

Table 9: Indices of real effective exchange rate: 1990 = 100

	Singapore	Rep. of Korea	Indonesia	Malaysia	Thailand
1990	93.0	101.1	101.2	102.3	97.4
1991	100.0	100.0	100.0	100.0	100.0
1992	103.0	99.9	97.1	96.1	99.9
1993	104.4	94.8	96.1	102.4	97.7
1994	102.2	91.5	98.9	99.3	96.1
1995	106.3	93.2	96.8	94.4	95.9

Source: ADB, *Asian Development Outlook* (1995 and 1996, p. 258).

Table 10: Matrix of intra-Asian exports: 1991
(In billions of dollars)

From/To	China	NICs	SE Asia	South Asia	Japan	World
China	—	36.3	2.1	1.3	10.2	704
	—	51.53%	3.04%	1.96%	14.57%	100.0%
NICs	27.9	41.7	24.8	4.2	32	307
	9.06%	13.55%	8.09%	1.38%	10.43%	100.0%
South East Asia	2.4	23.3	4.5	1.4	23.6	102.4
	2.34%	2.79%	4.41%	1.46%	23.80%	100.0%
South Asia	0.2	2.7	1.2	0.2	2.7	—
	1.00%	9.57%	4.29%	2.85%	9.47%	100.0%
Japan	8.6	66.9	25.5	3.6	—	314.7
	2.73%	21.26%	8.13%	1.14%	—	100.0%

Source: ADB, *Asian Development Outlook* (1993, p. 15), cited in UNIDO, *Industry and Development* (1993–94, p. 73).

Table 11: Direction of exports
(In billions of dollars)

From/To	Year	USA	Japan	EU	Developing Asia
Indonesia	1985	21.1	46.2	6	17.2
	1993	13.7	34.3	12.9	26.5
Malaysia	1985	12.8	24.6	13.6	38.1
	1993	20.3	13	13.3	40.1
Thailand	1985	19.7	17	17.8	27.1
	1993	21.5	13.4	15	25.9
NICs	1985	25.8	9.2	9.4	25.2
	1992	23.9	8.9	12.7	32.3

Source: ADB, *Asian Development Outlook* (1995/96, p. 250); UNIDO, *Industry and Development* (1995, p. 113).

Table 12: Sectoral distribution of inward FDI stock:
selected Asian countries (Percentage)

	Year	Primary	Secondary	Tertiary
Republic of Korea	1976	1.0	79.9	19.0
	1980	1.0	66.8	32.2
	1988	0.9	61.5	37.6
	1975	0.2	46.9	52.9
	1980	0.2	54.6	45.2
Singapore	1989	0.2	46.9	52.9
	1975	61.2	32.5	6.3
	1980	70.4	25.4	4.3
Indonesia	1990	81.7	15.4	2.9
	1975	39.3	30.6	30.1
	1980	28.3	30.1	38.6
Malaysia	1988	39.3	41.2	38.5
	1975	15.1	29.9	55.0
	1980	13.5	31.7	54.7
Thailand	1989	9.2	42.8	48.0
	1975	26.3	70.4	3.2
	1980	8.9	87.0	4.1

Source: ESCAP, *Economic Survey of Asia and the Pacific for 1992* (1993, p. 53).

Table 13: Terms of trade for the Asian economies

	Republic of Korea	Hong Kong	Singapore	Indonesia	Malaysia	Thailand	Philippines	China	India
1981	92	95	103	—	—	111	88	155	87
1982	96	96	105	—	—	101	92	179	90
1983	97	95	102	91	91	108	89	161	113
1984	100	96	99	94	94	106	85	147	98
1985	100	100	100	100	100	100	100	100	100
1986	109	97	97	80	78	112	108	111	121
1987	112	96	93	79	85	110	118	141	113
1988	115	95	91	66	81	108	131	133	116
1989	113	97	91	64	82	104	121	137	113
1990	111	98	92	74	81	101	109	180	102
1991	111	98	90	68	80	101	116	174	112
1992	111	99	87	62	81	102	—	—	118
1993	116	99	87	66	—	102	—	—	—
1994	117	98	—	61	—	—	—	—	—

Source: ADB, *Key Indicators of Developing Asian and Pacific Countries* (1995, p. 36).

Table 14: Unit value of exports: 1985 = 100

	Malaysia	Indonesia
1986	72	66
1987	87	65
1988	94	62
1989	96	66
1990	97	80
1991	98	70
1992	-	67
1993	-	61
1994	-	38

Source: IMF, *International Financial Statistics*.

Table 15: Sectoral share of exports from the ASEAN-3
(Percentage)

	1970	1980	1990	1991
Indonesia:				
Agriculture	54.4	21.7	16.2	16.5
Manufactures	1.2	2.3	35.5	40.8
Malaysia:				
Agriculture	72.6	45.9	25.5	22.0
Manufactures	6.5	18.8	54.2	60.6
Thailand:				
Agriculture	77.0	58.2	33.9	31.6
Manufactures	4.7	25.2	63.1	65.5
Republic of Korea:				
Agriculture	16.7	8.8	4.6	4.3
Manufactures	76.5	89.5	93.5	91.7
Singapore:				
Agriculture	44.4	18.4	7.8	7.6
Manufactures	27.5	43.1	71.7	72.6
China:				
Agriculture	21.9	10.1	5.5	5.7
Manufactures	75.8	87.9	92.5	92.6
India:				
Agriculture	35.5	33.2	19.7	18.8
Manufactures	51.7	58.6	70.1	72.0

Source: UNCTAD, *Handbook of International Trade and Development Statistics* (1992), cited in ESCAP/SREC(5)INF.1 (19 August 1994, p. 78).

Table 16: Balance of payments vulnerability
(In billions of dollars)

	<i>Direct investment</i>	<i>Loans</i>	<i>Port investment</i>	<i>Other short- term invest.</i>	<i>Net invest. income payments</i>
Thailand:					
1988	1.1	0.4	0.53	1.7	-2.0
1989	1.77	2.52	1.48	3.33	-2.2
1990	2.44	5.03	-0.03	6.72	-1.9
1991	2.01	6.57	-0.08	9.64	-2.5
1992	2.11	4.97	0.92	7.02	-3.0
1993	1.72	2.93	5.45	7.55	-3.2
1994	0.64	8.71	2.48	12.54	-3.2
Malaysia:					
1988	0.71	-1.49	-0.44	0.18	-0.9
1989	1.66	-0.87	-0.1	-0.02	-2.2
1990	2.33	-0.79	-0.25	-	-1.87
1991	3.99	-0.4	0.17	-0.46	-2.45
1992	5.18	-	-1.12	1.68	-3.19
1993	5.0	1.15	-0.7	8.67	-3.17
1994	4.34	1.88	-1.64	-2.47	-3.65
Indonesia:					
1988	0.5	1.27	0.09	1.68	-4.09
1989	0.6	2.5	0.17	2.4	-4.61
1990	1.0	3.56	0.09	3.33	-4.19
1991	1.5	3.69	0.01	3.9	-6.49
1992	1.7	4.14	0.08	4.27	-6.48
1993	2.0	1.74	1.8	1.96	-7.0
1994	2.1	0.35	1.11	0.63	-7.63

Source: IMF, *Balance of Payment Yearbook* (1996).

Table 17: Short-term/Total external debt stock
(Percentage)

<i>Year</i>	<i>Thailand</i>	<i>Malaysia</i>	<i>Indonesia</i>
1980	27.8	20.5	13.2
1987	13.1	10.3	12.1
1988	22.1	8.6	12.4
1989	26.1	14.0	13.4
1990	29.5	11.9	15.9
1991	34.8	11.6	17.9
1992	37.2	18.2	20.4
1993	43.1	29.8	20.1
1994	47.8	25.0	17.7

Source: IMF, *World Bank, World Bank, World Debt Tables* (1996, Vol. 2).

Table 18: Monetary-fiscal policy
(Annual percentage changes)

	M	R	I	G/GDP
Indonesia:				
1988	23.9	-0.01	15.0	-7.0
1989	39.8	0.49	12.5	-1.4
1990	44.2	2.2	14.3	1.5
1991	17.0	1.5	15.1	-1.0
1992	20.0	2.0	12.1	-0.1
1993	22.3	0.58	-	-
1994	19.7	-	-	-
1995	12.7	-	-	-
1996	14.7	-	-	-
Malaysia:				
1988	7.2	-0.43	3.3	-3.6
1989	16.1	1.23	4.4	-3.3
1990	12.8	1.95	6.7	-3.0
1991	14.5	1.23	7.3	-2.0
1992	19.1	6.65	-	-0.8
1993	23.5	11.34	-	0.02
1994	22.0	-	5.0	0.04
1995	18.0	-	-	-
1996	15.0	-	-	-
Thailand:				
1988	18.2	2.5	8.0	2.3
1989	26.2	5.0	8.0	3.5
1990	26.7	3.2	12.0	4.9
1991	19.8	4.6	11.0	4.0
1992	15.6	2.9	11.0	2.5
1993	18.4	7.1	9.0	1.9
1994	16.2	-	9.5	2.5
1995	16.0	-	-	-
1996	17.6	-	-	-

Source: ADB, *Asian Development Outlook*; IMF, *International Financial Statistics*.

Note: M: changes in M2

R: changes in reserves

i: discount rate

G/GDP: government budget surplus/deficit.

NOTES

1. "Since there have been very few controls on currency convertibility and international money flows, capital flight was a recurring problem. In December 1986, an estimated \$1.8 billion was lost in the reaction to the September devaluation, and again in May 1987 \$1.7 billion were lost owing to rumours of another devaluation. Interest rates have consequently remained high, with a bank deposit rate of 17.6 per cent in 1988 or 9.1 per cent in real terms" (Thorbecke, 1992, p. 42).
2. For a summing up of related issues, see Fischer and Reisen (1992, pp. 7-9).
3. For an analysis of this aspect, see papers by Aglietta *et al.* (1996).
4. For low correlations between total returns in developing countries and those in major industrial country stock markets, see Walter (1993, p. 5).
5. For observations relating to a greater degree of stock price volatility in developing countries, see Singh (1993) and Singh (1996, forthcoming).

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C.P. CHANDRASEKHAR*

External Vulnerability and Industrial Policy in the Era of Globalization

In recent years, two tendencies have come to dominate discussions on the theory and practice of development through industrialization. The first is a successful challenge to the view which informed industrial policy in the 1950s and 1960s, that late industrializers must protect domestic economic space as part of a strategy of creating a viable indigenous industrial sector. The second is that in deciding the frontier which can be drawn 'between the province of centralized and decentralized decisions', or the extent to which the state must interfere in the functioning of actually existing markets, it is seen as best to give all the benefit of doubt about the expedient extent of either to the latter. Both of these tendencies are, it is argued, the understandable consequences of the process of 'globalization'.

Underlying this shift in perspective is the presumption that the premises that underlay earlier thinking on industrial policy are no more valid. Development policy during the post-Depression years of decolonization emphasised the constraints that international and domestic inequality set on the process of industrialization. It believed that, while the international technology shelf offered an opportunity to late entrants seeking to 'catch-up' with their developed counterparts, excessive integration with the world economy significantly disadvantaged late industrializers.

The disadvantage stemmed from the very nature of late industrialisation, which by definition involves substantial sunk costs for entry into factory production. These costs not only involved those associated with the acquisition of technology and capital equipment, which were most often monopolised by firms which are at the leading edge of technology in specific industries, but also the investment in that most primitive of research required to identify a technology, negotiate its transfer and then unpackage it for successful commercial production. With so much that is 'implicit' in technology, mere access to blueprints is inadequate.

Implicitness also increased the 'learning by doing' benefits associated with modern technology. This implied that the new entrant takes time to produce at costs competitive with incumbent producers operating even with technol-

*Centre of Economic Studies and Planning, Jawaharlal Nehru University, New Delhi.

ogy of the same generation. To boot, obtaining a foothold in markets not only requires investment in activities as varied as marketing and the creation of after sales networks, but also 'goodwill', which is a function of time. In the interim new entrants find it difficult to operate at capacity levels adequate to produce at competitive costs. All of this makes the task of competing with established international firms, either in the world market or even in the domestic market, extremely difficult for the late entrant.

But this was not the only reason why protection for domestic producers was considered desirable. Without it, the additional demand for manufactures associated with increases in income would also result in an outflow of foreign exchange to pay for imports. For economies that are externally vulnerable because of their initial dependence on a range of primary exports characterized by relatively low income and price elasticities of demand, this path appeared unsustainable, since it leads to balance of payments problems even in the short run, given limited access to international liquidity. Some control over imports and some support from the State, both to conserve foreign exchange and to reserve and exploit the domestic market as the initial base for a nascent industry, were considered inevitable.

There are three assumptions underlying this perspective that are now seen as irrelevant in the wake of globalization. These are: (i) that the nature of industrial technology and industrialization is such that the investment and transfer costs of replicating production based on such technologies is high; (ii) that there are definitive limits on the current account deficit that developing countries could incur, because of their limited export potential and their limited access to international liquidity; and (iii) that firms which dominate the international market for goods are reticent to relocate production capacities to new sites to exploit a range of cost and other advantages, so that industrialization cannot be based predominantly on a partnership with international firms.

Those who argue for a departure from the post-War perspective on development challenge all of these assumptions. To start with, the post-War revolution in technology and communications is seen to have not only reduced transportation costs and increased the availability and rendered cheaper the communication facilities needed for the international coordination and control of production, but also permitted the segmentation of production processes and the relocation of individual segments to any appropriate site for production (Frobel, Heinrichs and Kreye, 1980). Further, in a number of areas, including those characterised by 'generic' technologies like computing, technology is seen to be characterized by an entrepreneurial (as opposed to routinized) technology regime which provides an additional 'window of opportunity' to developing countries (Brunner, 1995). In industries characterized by an entrepreneurial technology regime, technological change results in a lowering of barriers to entry, with new entrants being in a position to access technology through non-market sources. For example, it is argued that

technical advances and international standardization in computer components have increased the importance of computer architecture and system design as part of total value added in production of the good. This requires the acquisition of skills rather than capital for entry, since firms can access capital-intensive equipment and components from outside producers and put together systems targeted at niche markets. These technological developments have, it is argued, provided space for developing countries in international markets and resulted in significant increases in international sourcing and intra-firm trade, since international firms are encouraged to relocate capacity to new sites.

The evidence on international trade, in the era of globalization, does provide some support for such arguments. World export rose from 7.0 per cent of world GDP (measured in 1990 prices) in 1950, to 11.2 per cent of the same in 1973; and 13.5 per cent of world GDP in 1992 (Madison, 1995). Further, by the early 1990s, a significant share of world trade took place among multinational parent companies and their foreign affiliates. The share of intra-firm exports by parent firms based in the country and affiliates of foreign firms located in the country in the total exports of the country ranges from 38 per cent in the case of Sweden to 24 per cent in the case of Japan. Similarly the share of intra-firm imports in total country imports ranges from 14 per cent in Japan to 43 per cent in the United States (UNCTAD 1996). Partly as a result of this, the developing countries have increased their share of world exports of manufactures from 5 per cent in 1970 to 22 per cent in 1993, so that manufactured goods account for nearly 60 per cent of their total exports. The export pessimism of the earlier doctrine, it is argued, is therefore no longer valid.

The second assumption, that there are stringent limits on the current account deficit, is also seen to have lost its relevance in the wake of globalization. Till the early 1970s the limits to the deficit on the current account that developing countries could incur were set by their limited access to international finance, which was principally through the 'development aid' network. When they exceeded those limits, and were forced to turn to the IMF for balance of payments finance, they had to accept deflationary packages which sought to control the flow of imports by controlling income growth, often with a higher import-GDP ratio resulting from trade liberalization.

The period immediately after the first oil shock saw a dramatic change in this scenario. Since oil surpluses were held in the main as deposits with the international banking system controlled in the developed world, the private financial system there became the powerful agent for recycling surpluses. This power was indeed immense. Expenditure fuelled by credit in the developed and developing world generated surpluses with the oil producers, who then deposited these surpluses with the transnational banks, who, in turn, could offer further doses of credit. This power to the finance elbow was all the more significant because a slowdown in productivity growth in metropolitan

industry had already been bringing the post-War industrial boom to a close—a process that was hastened by the contractionary response to the oil shocks. As a proportion of world output, net international bank loans rose from 0.7 per cent in 1964 to 8.0 per cent in 1980 and 16.3 per cent in 1991. Relative to world trade, net international bank loans rose from 7.5 per cent in 1964 to 42.6 per cent in 1980 and 104.6 per cent in 1991 (Nayyar, 1995).

Two other developments contributed to the increase in international liquidity during the 1980s (Badhuri, 1996). First, the United States built up large international liabilities during the Bretton Woods years, when the confidence in the dollar stemming from the immediate post-War hegemony of the US made it as good as gold. Such international confidence in its currency allowed the US to ignore national budget constraints on its international spending and resulted in the emergence of strong banking and financial interests with an international agenda. The influence of these interests was reflected in policies that affected domestic manufacturing interests adversely, as suggested by the widening and persistent US trade deficit after the mid-1970s. Second, the loss in manufacturing competitiveness meant that the dollar eventually lost its position as the only acceptable reserve currency, fuelling speculative demand for other currencies on the part of those holding them. Such speculative demand, needless to say, is sensitive to both interest rate differentials and exchange rate variations, resulting in volatile flows of capital across currencies and borders. The results of these developments are obvious. The daily volume of foreign exchange transactions in international financial markets has been estimated at \$430 billion, compared to the daily value of world trade of \$11 billion. In the early 1980s the volume of transactions of bonds and securities between domestic and foreign residents accounted for about 10 per cent of GDP in the US, Germany and Japan. By 1993 the figure had risen to 135 per cent for the US, 170 per cent for Germany and 80 per cent for Japan. Much of these transactions were of bonds of relatively short maturities.

From the point of view of the developing countries, this growth in international finance appeared positive. Needing liquidity to finance their post-shock deficits, they initially found it easier to negotiate with a relatively atomistic banking system that could impose no conditions, rather than the centralized multilateral financial institutions like the IMF. Banks flush with funds were keen to lend, and the possibility that the rather high current account deficits they were financing were unsustainable was not considered. No level of the current account deficit was unacceptably high. What mattered was that the nature of the international financial system hitherto had kept the volume of commercial borrowing by these countries relatively low.

Thus, this congruence of interests—of the developing countries to borrow and the banks to lend—resulted in the fact that the current account deficit was for almost a decade and a half no constraint on growth in at least some underdeveloped countries. The fall-out of this scenario is now history. Right

through the 1970s and 1980s governments in one developing country after another combined more liberal growth strategies with huge budget deficits financed with international borrowing, since that partly neutralized the adverse effects on domestic growth that liberalization had. In fact, during those years many developing countries actually recorded rather creditable rates of growth, which were often attributed to liberalization rather than to the irresponsible pump-priming by domestic governments, which the irresponsible lending practices of the international banking system encouraged.

But the boom obviously could not last, as it became clear that none of these borrowers were in a position to meet their debt service payments, without resorting to further borrowing. This together with the evidence of the colossal overexposure of the international banking system in many developing countries set afoot the deceleration in the flow of liquidity that came to be called the 'debt crisis'. The banks of course could not pull out completely, because that would have spelt closure for many of them, as much of developing country debt would have had to be written off rather than rescheduled. But the problem went deeper, since with the rise to dominance of finance capital relative to industrial capital in the developed nations, the financial system was awash with liquidity, but creditworthy lenders were difficult to come by in an increasingly recessionary environment.

The initial response to the debt crisis was to find acceptable ways of routing capital to the developing countries to prevent default. It was here that agencies like the IMF and the World Bank came in handy, linking credit flow to the developing countries to an appropriately designed 'adjustment' package. This package which was acceptable to the developing countries caught in a virtual trap, involved curtailing central bank credit to the government, intensifying trade reform, dismantling regulations on national and foreign firms and agents, devaluing and moving towards a convertible currency, privatizing the public sector, and in the new phase, reforming the financial sector. All of these were in keeping with the requirements set by the rise to dominance of international finance. Trade liberalization and deregulation are inevitable elements of a strategy that provides the basis for international investments aimed at world-market oriented production that can be 'facilitated' with finance. Crucial resources in the hands of the State or the domestic private sector, like for example hydrocarbon resources, are rendered eligible for acquisition by foreign interests, so that real assets can serve as collateral for the financial transactions of foreign firms. And business conditions are made acceptable to financial agents through a liberalization of the financial sector and a gradual shift towards convertibility for capital account transactions.

One consequence of reform of this kind has been a growing interest in developing countries as 'emerging markets' on the part of developed country financial interests. As a result, many countries opting for financial liberalization are attracting large volumes of foreign portfolio investment, which is not being undertaken with the intent of acquiring a 'lasting', or even control-wise

significant, interest in the firms concerned. Portfolio flows to developing countries in the form of investments in bonds, equities, certificates of deposit and commercial paper, rose from an annual average of \$1.3 billion during 1983–90 to \$19.1 billion during 1991–92 and \$80.9 billion in 1993 (World Bank 1994 and 1997). However, uncertainties of various kinds saw a decline to \$61.3 billion during 1994–95. Preliminary estimates suggest that this figure has bounced back to \$91.8 billion in 1996. This virtual financial explosion in developing country markets is largely explained by the factors encouraging financial capital to move out of the developed countries. First, emerging financial markets, though volatile, offer extremely high returns in a period when the debt overhang and slow growth in the developed countries has affected financial interests adversely. That makes risk-discounted returns in the developing countries much better than in the developed. Second, privatization programmes have put up for sale resources of substantial value that can be acquired relatively cheap in a context of currency depreciation. Third, these are markets in which the pent up demand for credit is substantial and innovative financial instruments have not been experimented with in the past. And finally, real interest rates and therefore financial sector returns tend to be relatively high in developing countries undertaking adjustment programmes involving monetary stringency.

The combination of debt and portfolio capital has meant that for the last two decades, at least the more developed among the developing countries have had no problem accessing private foreign capital flows. This is taken to imply that the rise to dominance of finance and its globalizing influence has rendered the current account deficit in many developing countries less of a binding constraint.

These developments are seen to have accompanied changes that have challenged the third assumption of traditional developmentalism as well, viz., that firms which dominate the international market for goods are reticent to relocate production capacities. In recent years, special significance has been attributed to what is considered a new kind of foreign direct investment flow by some observers, who see it as being *the principal* engine for industrialisation of the developing countries. One set of countries whose experience is often quoted to support that judgement are the now 'newly industrializing countries' in Asia like China, Indonesia, Malaysia and Thailand, all of which rank among the top ten developing countries in terms of the stock of inward FDI. That experience is taken as indicative of the tendency wherein a high degree of 'openness' with regard to trade and foreign investment combined with a not-too-interventionist government, provides the basis for export-led growth driven by foreign investment.

The perspective that there is a new and virtuous nexus between foreign direct investment and industrial exports and growth is ostensibly supported by a range of facts and tendencies. To start with, there is the evidence of a rising *trend* in aggregate foreign investment flows to the developing countries.

According to figures put out by the World Bank, net FDI flows to the developing countries rose from \$10.4 billion in 1986 to \$33.5 billion in 1991, \$43.6 billion in 1992, \$67.2 billion in 1993, \$83.7 billion in 1994, \$95.5 billion in 1995 and an estimated \$109.5 billion in 1996 (World Bank, 1997). This rapid increase in flows to the developing countries occurred despite a decline in total international FDI flows, resulting in a rise in the share of FDI flows to developing countries from 12 per cent of the total in 1990 to 40 per cent in 1996.

This quantitative trend in foreign direct investment, it is argued, is accompanied by a qualitative shift in the nature of such investment because it occurs in the context of a generalized wave of trade liberalization in the developing countries during the 1980s and early 1990s. The removal of non-tariff barriers to trade and the reduction of tariffs on most imports does away with the pressure on international firms to invest in productive capacity in the developing countries with the objective of catering to protected local markets. Most developing country markets can be accessed as easily through exports from abroad of commodities either in their final form or ready for assembly. The other side of this tendency is that foreign investors catering to domestic markets must stand up to competition from imports accessible at relatively low tariff rates, and therefore must be competitive in international markets as well. In sum, the segmentation of the world market into domestic and foreign components during the post-war phase of import-substituting industrialization and the consequent distinction between sites for home market-oriented production and world market-oriented production is disappearing. Investments aimed at catering to domestic markets should be capable of catering to the world market as well. The resulting dissociation between sites of production and markets, it is argued, implies that a firm would now choose to invest in a particular location only if that site can serve as one of the production locations for its world market operations. Thus, when an enterprise chooses a *new* location for investment, it is in essence 'relocating' capacity that can service the local market, or its erstwhile 'home'-country market, or its third country markets or some combination of those markets.

The emergence of such 'real' multinational enterprises', which are 'establishing subsidiaries abroad with the explicit purpose of supplying the markets of the host country only to a limited extent, if at all, but exporting mainly or exclusively to third countries *and* to the country which the parent companies used to call their home', as well as 'organizing veritable business empires with complex logistical networks among their affiliates' had been noted by the early 1970s itself (Adam 1975). The tendency towards industrial relocation was in fact analysed in great detail by Frobel, Heinrichs and Kreye (1980). But at that time the process was seen as driven by the post-war revolution in technology and communications, which had reduced transportation costs, increased the availability and rendered cheaper the communication facilities needed for the international coordination and control of production, and permitted the

segmentation of production processes and the relocation of individual segments to an appropriate site for production, leading to the growth of international sourcing and intra-firm trade. What is now being argued is that trade liberalization makes industrial relocation imperative if international firms are to defend their existing markets and expand into new ones, resulting in an unprecedented opportunity for industrial growth in the developing world.

Thus the focus on FDI as a leading stimulus for industrial growth stems from the perception that such investment is not just buoyant but has taken on a whole new form. The defining feature of the new form of FDI is that each enterprise-level investment decision is a component of a larger process of relocation of whole industries from sites in more industrially developed economies to those in less developed ones, resulting in the global restructuring of industrial production. There are two ways in which such a process of relocation can manifest itself: (i) at the margin, world market-oriented production capacity in particular industries or sections of industries can be located, by producers from more developed countries, in new developing country sites rather than in the developed countries, which see a gradual phasing out of production and exports and increase imports of the commodity concerned; and (ii) relocation can take its 'ideal' form, which involves the once-for-all or gradual closure by developed country producers of capacity at home and the establishment by the same producers of equal or larger capacities in developing country sites. The argument that FDI is today an engine of growth and industrialization assumes that, in the wake of liberalization, foreign direct investment of the kind captured in (i) and (ii) above is restructuring the pattern of global manufacturing production.

The case for rethinking the role of interventionism in industrial development does not end with the judgement that it is the best route to industrialization in the current global context. The case is finally closed by arguing that there is no alternative given the consequences of globalization. Even those critical of this view agree that 'the scope for any autonomous national economic policy has been attenuated because of the internationalization of capital' (Patnaik, 1993). Any interventionist strategy presumes an area of control, which is normally presumed to be the 'national economy', wherein the State attempts to work to realise its objectives. That control area could be assumed to exist because any effects of developments in the world economy on the domestic arena could be at least partly be neutralized with trade and exchange rate policies. What internationalization, especially of finance, has done is to actually erode the ability of the State to use such trade and exchange rate policies to mediate its relationships with the international system. 'Capital flows exert a considerable influence on exchange rates and financial asset prices, and are themselves influenced by expectations regarding rates of return on financial assets denominated in different currencies. This means not only that domestic policies have a new channel of influence on exchange rates,

trade, balance of payments and, hence, the level of economic activity (namely, through their effects on capital flows), but also that these will all be influenced by financial policy abroad and by events at home and abroad that alter expectations' (Akyüz 1993). In such a world, the 'national space' available to the State as its area of control, within which it acts to promote development, is substantially eroded. For, the entire range of fiscal, monetary or external policies have to be adjusted keeping in mind the implicit requirements set by the fluidity of finance, subordinating national requirement to the caprices of international capital.

Given this new feature, the dominant strand of development today presents a convenient convergence between the only feasible policy (*viz.*, openness with a minimalist State) to be one which also the best to be pursued. Thus, the challenge to the central premises of developmentalist thought of the immediate post-War years all stem from features that contribute to, constitute or are consequences of the process of globalization of international trade, finance and investment. This 'contextual marketism' is then defended in theory with various forms of 'transcendental marketism' (Patnaik, 1993) using efficiency arguments from neoclassical theory and neo-Schumpetrian ideas on the role of the market in promoting technological change.

There is some agreement across the ideological spectrum on the changed context. Differences however remain over the consequences of this change in context for the constraints on industrialization in developing countries, the prospects of the 'autonomous' proliferation of industrial production and therefore for the policy regime to be adopted by the State in developing country industrializers. The principal problem with the 'marketist' viewpoint is that it implicitly treats the process of globalization as being akin to one which does away with the problem of external vulnerability being a constraint on industrialization.

The sources of that perception are obvious. To start with, it is clear that the rise to dominance of finance itself seems to render import-substitution as a strategy meaningless, since that strategy was prompted in the first instance by the external vulnerability that underdeveloped countries faced ever since the Great Depression. In a world awash with liquidity which could be easily accessed, that vulnerability hardly seemed to be a problem, let alone a factor that should be the prime determinant of the nature of growth strategies. Secondly, easy access to finance appears to remove all constraints on the manoeuvrability of the State in developing countries. Governments can incur massive deficits on their budget, since imports financed with international borrowing could ensure that any excess demand would not spill-over in the form of inflation. That is, so long as there are no limits on the current account deficit, the inflation barrier is inoperative as well. Thirdly, the accumulated foreign exchange drain that this dependence on foreign finance could result in is not seen as a problem because the globalization of investment is expected to yield the export revenues needed to finance them.

What is missed in this myopic perspective is the fact that globalization has not done away with external vulnerability, but merely shifted its immediate terrain of operation from the current to the capital account. When wealth-holders from the developed countries hold increasingly large financial claims of any particular developing country, with such claims characterized by declining maturity, the threat of capital flight based on the collapse of investor confidence, for reasons which could be completely whimsical, is real. That is, the country concerned is vulnerable to the caprices of international capital. Thus, unless globalization simultaneously corrects for current account deficits, the threat of a crisis is ever present as the dramatic developments in Mexico illustrated and the more recent experience in Southeast Asia makes clear.

The problem is that globalization has not helped correct current account vulnerability resulting from the inequities characterizing world trade. Consider recent trends in world trade. The value of world exports doubled from \$2010 billion in 1980 to \$4060 billion in 1994, implying an annual average growth rate of 5.3 per cent. This was far below the average annual growth rate of 14.6 per cent in world export values during 1960–80. However, the growth rate of world export volumes slowed down only marginally from 5.4 per cent per annum during 1960–80 to 4.6 per cent during 1980–94. Much of the slowdown during the latter period is reflective of trends in prices.

The developed countries continue to dominate world trade. The share of developing countries, which was 31 per cent in 1950, declined sharply during 1950–70 reaching a low of only 18 per cent in 1970. Though this figure rose during the 1970s to reach 29 per cent in 1980, this trend was once again reversed so that by 1988 it stood at just 20 per cent. A subsequent improvement, to 24 per cent in 1994, only partially compensated for the loss during the 1980s, and that too because exports from the erstwhile USSR and Eastern Europe fell sharply. Further, not only do the developed countries trade largely amongst themselves (70 per cent), but world trade is highly concentrated. Of the nearly 200 countries which participate in world trade, just 15 countries accounted for 73 per cent of world exports and 68 per cent of world imports in 1994. Only four out of these top 15 exporting nations (China, Korea, Singapore and Taiwan) are developing countries.

Thus, there has been little change in the pace and pattern of world trade (Mohanty 1996). Further, excepting for the developments during the commodity price boom of the 1970s, world prices of primary products have lagged behind those of manufactures, especially during the 1980s. Hence, though many developing countries have substantially diversified their export composition in favour of manufactures and away from primary producers, the fall in relative prices of primary products has turned the international terms of trade sharply against the developing countries as a group. As a result, during 1985–94, though the growth in the export volumes of the developing countries was much higher than that of the developed countries, their share in world

trade values declined because of falling unit value realizations of their exports. In other words, the Prebisch argument which suggests that the benefits of higher exports from developing countries could be neutralized by terms of trade losses appears to apply more to the 1980s and 1990s than to the first twenty-five years following World War II. As a result of such terms of trade shifts, it has been estimated that the purchasing power of developing country exports decelerated from 6.5 per cent to 3.8 per cent per annum although their export volume growth went up from -0.1 per cent to 8.8 per cent per annum. Meanwhile, developing country import volumes grew faster as a result of the trade liberalization, financed by increased private capital inflows which made it possible for them to run a trade deficit of over \$62 billion dollars in 1993 as compared to a trade surplus of \$44 billion in 1985. But these increased capital inflows were small when compared with the terms of trade loss, amounting to over \$230 billion.

Thus, to meet the higher import bill resulting from the greater integration of developing countries into the world economy forced them into importing more; they had to push out much larger exports at declining prices and increase their dependence on private capital inflows. This outcome, which points to persisting and increasing external vulnerability by no means tallies with expectations generated by the arguments regarding the positive consequences of globalization. It is only at a disaggregated level that some support can be won for such arguments. Parts of Asia did during this period sustained GDP growth along with an acceleration of export and import growth. But that experience was almost nowhere to be seen in the developing countries in Africa, Latin America and the Middle East, which were adversely affected by the debt crisis and the sharp fall in world commodity prices.

This concentration of 'expected' benefits is partly because the spread of the new kind of foreign direct investment has been restricted to a few developing countries. For example, out of the total of \$65.1 billion FDI flow to developing countries in 1993, \$25.8 billion or 40 per cent went to one single country, viz., China. The top 4 beneficiaries, China, Malaysia, Argentina and Mexico accounted for \$41.4 billion or 64 per cent of the total. The top 7 beneficiaries, viz., China, Indonesia, Malaysia, Thailand, Argentina, Mexico and Hungary, accounted for \$48.7 billion or almost 75 per cent of the total. And, finally, 'in the years between 1981 and 1992, the ten largest host developing countries consistently absorbed between 66 and 81 per cent of total flows into developing countries. The composition of the ten countries has also been relatively stable over that period' (UNCTAD 1994). Given the nexus between trade and industrialization in the current phase of globalization, this concentration of FDI flows has been accompanied by a concentration in trade flows as well. Eleven countries (Argentina, Brazil and Mexico in Latin America and Korea, Hong Kong, Taiwan, Singapore, China, Indonesia, Malaysia and Thailand in Asia) which accounted for 30 per cent of exports from developing countries during the period 1970-1980, accounted for 59 per cent of such flows in 1990 and 66 per cent in 1992.

The concentration of FDI flows points to the fallacy of using trends in aggregate flows to arrive at generalizations about the opportunities for industrialization. Given the large number of developing countries in the world system and the *relatively* small absolute flow of foreign direct investment to developing countries, not all countries can, in the foreseeable future, emerge as significant sites for such investment either in terms of quantum or relative to domestic capital formation and GDP. If the total of such flows to all developing countries in 1994 were divided equally among them, each country would have received around \$500 million, which would be considered grossly inadequate by a country like China, which attracts more than \$35 billion a year, and one like India, which targets an inflow of \$10 billion annually. Given the extreme 'inequality' of distribution of FDI at present, even allowing for a continuous increase in global FDI flows, most developing countries are unlikely to benefit from those flows.

These features of the globalized world economic scenario imply that despite the new trends in capital flows, developing country growth is accompanied by persisting external vulnerability on the current account. The distinguishing feature of the new phase is that this vulnerability is aggravated by vulnerability on the capital account, because of the growing dependence on volatile portfolio flows. The significance of this phenomenon, however, is not that there is no option but succumb to this heightened vulnerability and hope for the best, but to work out a national economic policy that takes this vulnerability into account. Reduced manoeuvrability does by no means imply no manoeuvrability at all.

However, reduced manoeuvrability does imply that the kind of developmental agenda that was worked out in the immediate post-War years is no longer adequate. Developing countries cannot return to a strategy of making optimum use of 'available' foreign exchange earnings, through import-substitution strategies of the kind that the Feldman-Mahalanobis model epitomized. Such strategies attempted to control the rate of growth and degree of diversification of consumption, on the one hand, and reduce dependence on manufactured imports in the long run, by utilising scarce foreign exchange to create a capital goods sector, in general, and a machine tools sector in particular. However, the problem with that strategy was three-fold. Firstly, it was really open only to developing countries which in terms of size of the domestic market and resource base were above a critical minimum. Secondly, even in the case of these countries, since the growth of manufactured goods production was determined by the scale and quality requirements of the domestic market, an increase in the ability to produce manufactures was not necessarily accompanied by an increase in the ability to keep pace with international innovations and export manufactures, holding back the rate of expansion of the system in the long run. Finally, given the inequalities within the system and the growing pressures from the well-to-do to obtain access to product innovations that defined international lifestyles to which they were

inevitably exposed, the ability of the State to restrict the rate of growth and degree of diversification of consumption was increasingly undermined. Neither the savings rate nor the import-intensity of domestic productions stuck to the trajectory that the strategy charted. Given the parameters within which it operated and the concept of development that it implicitly appropriated, import-substitution was doomed to failure. Thus the alternative we need to consider must go beyond the intervention characteristic of 'old-style import substitution', even while retaining its principal objective, viz., that of reducing external vulnerability. This is all the more true since the nature of external vulnerability appears transformed in a world dominated by fluid finance capital.

This brings us to the first aspect of the alternative strategy incorporating intervention: *it must transcend the dichotomy between production for the domestic market and production for export*. In its archetypal form that dichotomy is reflected in arguments that make a case for industrialization based on the home market *because* international inequality provides grounds for 'export pessimism'. In the debate on the transition to capitalism that led up to the industrial revolution, one issue of contention was the relative roles of purely 'internal' factors in the form of structural change, as opposed to 'external' factors like the effects of commercialization and the growth of markets in determining that transition. Whatever the merits of those contending arguments with regard to the principal determinant, one thing appears clear with hindsight. Successful capitalist industrialization cannot occur in a context 'insulated' from world markets, but requires consciously engaging those markets as part of the strategy of growth.

We use the term 'engaging' advisedly. World markets are not benign, autonomous forces that spur efficient Third World industrialization. On the contrary they embody all the inequalities characteristic of the world system. Engaging those markets involves therefore using all the weaponry in the hands of a developing country, including the power of its State, the foundation that its home market provides, the ability of its scientific and technical personnel to override the domination implied in the control of technology by a few transnational firms and the advantages of the late entrant (varying from low wages to a less codified legal framework), to prise open those markets that inequality suggests are hermetically sealed for them.

This brings us to our second point. *A successful growth strategy has to be based on an activist State*. There is no relationship between the existence of an activist State and autarky or, for that matter, insularity. One valid criticism of the import substitution years in countries like India is that it neglected exports. While exports cannot constitute a basis for growth in a large developing country, in an interdependent world one cannot finance the imports that accompany the process of growth without an export thrust. It is for this reason that all successful late industrializers, including the so-called NIEs, have pursued a 'mercantilist' export policy which emphasises pushing out exports

at whatever cost. Such a policy involves a continuous restructuring of the production base of the system in both quantitative and qualitative terms, which requires both technology and investment. Investment matters for two reasons: first, the larger the size of investment, the larger the share that can be devoted to modernization as opposed to 'expansion'; second, since for any incremental capital output ratio, higher investment implies higher growth, capacity expansion proceeds at a pace that allows the incorporation of new technology at the margin. For these and other reasons, the rate of growth of manufacturing exports of an economy is dependent on the investment ratio.

Development economics in the early years singled out investment as the key to growth. It was neo-classical critique of the late sixties that emphasised the *efficiency of resource use*, which gradually came to occupy centre-stage; what mattered, according to this perception, is the *economic regime* within which development took place, whether or not this *regime* was conducive to the achievement of efficiency of resource use. What a regime conducive to such efficiency on the neo-classical argument would do to the investment ratio was never discussed, a reflection essentially of a shift of attention from macro to micro issues and from an interventionist to a 'marketist'. In short, the investment ratio dropped out of the picture as a significant phenomenon to concentrate attention upon.

More recently, however, a range of writings from authors of rather widely differing persuasions (Krugman 1994; Akyuz and Gore 1994; Singh 1995) has argued that the successful cases of industrialization in East Asia is largely explained by an increase in factor inputs into the production process, including capital inputs in the form of high rates of capital accumulation. That is, it is not greater efficiency of resource use *per se*, but larger outlays of inputs at a given level of efficiency that explains success. At one level this argument is supported by evidence on cross-country Total Factor Productivity (TFP) growth estimates using purchasing power parity data, which suggests that over 1970–85 'productivity' in South Korea, Taiwan, Singapore and Hong Kong grew much slower than Egypt, Pakistan or even Bangladesh (Young 1994). However, the TFP index, favoured normally by the World Bank, is based on assumptions such as full employment of resources and perfect competition, rendering it inadequate for real world analysis.

A more useful way of analysing the phenomenon is to undertake cross-country correlations of investment ratios, output growth rates and export growth rates. An analysis (Patnaik and Chandrasekhar 1996) based on twenty years (1968–88) data for 25 developing countries showed a close correlation between output growth and the investment rate (or the ratio of investment to income). Similarly there was an extremely close relationship between output growth and export growth. If it is investment which drives output growth then the high correlation between output growth and export growth must make itself visible in terms of a high correlation between investment ratio and export growth, which it does. There are good theoretical reasons why a high

investment ratio *ceteris paribus* should give rise to a strong export growth performance. International trade in the different commodities grows, over any period, at different rates. Given these growth rates in world trade, the rate at which a particular underdeveloped country's exports grow would depend to a very significant extent upon its production-structure and the rate at which this structure is changing. In particular, since the underdeveloped countries were, by and large, saddled with production-structures specializing in commodities with relatively stagnant world trade, success on the export front depends crucially upon the ability to transform the production-structure rapidly in the direction of commodities where world trade grows faster. And the rapidity of this transformation is linked to the investment ratio: the higher the investment ratio, the faster the transformation of the production-structure and hence the greater the ability to participate in the faster-growing end of the world trade, i.e. the greater the rate of export growth.

An activist State is needed not merely to raise investment rates, but to coordinate the export thrust. The evidence from east Asia suggests that such coordination is crucial, because a mercantilist industrial policy rather than market determined comparative advantage was crucial in establishing a foothold in international markets. For example, Vice-Minister Ojmi of Japan's Ministry of International Trade and Industry is reported to have summed up Japan's industrial policy perspective as follows:

'The MITI decided to establish in Japan industries which require intensive employment of capital and technology, industries that in consideration of comparative cost of production should be the most inappropriate for Japan, industries such as steel, oil-refining, petrochemicals, automobiles, aircraft, industrial machinery of all sorts, and electronics, including electronic computers. From a short run static viewpoint, encouragement of such industries would seem to conflict with economic rationalism. But, from a long-range viewpoint, these are precisely the industries where income elasticity of demand is high, technological progress is rapid, and labour productivity rises fast.'

There is enough evidence that countries like South Korea and Taiwan pursued similar strategic and anticipatory industrial policies as a run-up to their competitive success. Hence, even when a high investment rate is realised through the agency of private entrepreneurs, the government needs to ensure that an adequate share of such investment is allocated to sectors selectively chosen as thrust areas for exports and embodied in technologies and plant scales that enhance international competitiveness. During the import-substitution years when the thrust of policy was to build a domestic industrial base using the economic space provided by a protected market, state policy was largely directed at regulating the adverse consequences—in the form of concentration, monopolistic pricing, uneconomic scales and a skewed production pattern—of inadequate competition or rivalry. These problems, it is now

argued, can be directly dealt with by the 'cutting edge' of international competition in a more liberalized world. However, not only is international rivalry inadequate on these fronts, openness and competition alone do not guarantee export success, as a range of experiences have shown. Some degree of intervention by the State seems necessary. But that intervention has now to take on a new form, with the emphasis on matching microeconomic investment decision-making with a coordinated or 'planned' export thrust.

An important instrument in realising the objectives of this new form of intervention is monetary policy. The evidence seems to suggest that interest rate differentials and 'bank-based monitoring' of corporations, involving the channelization of corporate finance through the medium of a still largely regulated banking system, rather than 'market-based monitoring', involving the use of the stock market as a principle vehicle for channelizing household savings into corporate investment, is more successful in realising an export thrust of the kind described above. This automatically suggests some degree of sequencing of any process of 'liberalization' aimed at dismantling structures characteristic of the earlier import-substituting strategy. Industrial liberalization (of licensing laws, output controls and direct price controls) must take precedence over trade liberalization, and both of them over the liberalization of the financial sector. For all these reasons, coordination by the government is crucial.

Activism of this kind has as its corollary two features. First, an activist State pursuing a mercantilist growth strategy should be in a position to discipline its industrial class (Wade 1991 and Amsden 1989). Second, activism requires the mobilization of adequate resources by the State to sustain that strategy. The need to discipline the industrial class arises because, even while departing from the detailed physical controls characteristic of the import-substitution years, the strategy being elaborated here requires a substantial degree of strategic targeting and coordination by the State. Through incentives, on the one hand, and measures to enforce compliance, on the other, the government must be in a position to influence investment decision-making at a microeconomic level. Based on the segment of the world market that is being targeted, the coordinating agency should be able to influence the choice of product, technology, scale of production and price.

Needless to say, imposing such discipline requires the backing of other sections of society, which defines the third prong of an alternative strategy (Patnaik and Chandrasekhar 1997). Social support for a strong State is most often won in a situation where land reforms have dismantled structures that provide the base for a collusive elite. The vital necessity of land reforms is underscored by the fact that even the successful East Asian capitalist economies owe their success *inter alia* to the post-War land reforms that they had.

But land reforms are needed not merely as an instrument of mobilizing political support. A thrust towards land redistribution and greater social expenditures in the rural areas which are best undertaken under the aegis of

directly elected decentralized governing bodies (eg. the panchayats in India), is essential also for widening the home market immediately, ensuring a rapid increase in agricultural output (as has happened in West Bengal, India, for example), and increasing the potential for direct and indirect employment generation. To that end land reforms would have to be accompanied by investments in the agricultural sector—in irrigation and water management and other kinds of rural infrastructure—that raise agricultural growth and permit an acceleration of industrial growth. This would not only broaden the base of development but also create decision making structures through devolution that are crucial for generating the strength and the accountability needed to make the State capable of functioning as a disciplining force.

Globalization is fundamentally a centralizing tendency, drawing disparate economies and sectors into the vortex of a world controlled by a few decision makers. It also replicates this centralization in economies which it integrates into the world system, creating strong domestic interests that support the case for an open economy and a marketist strategy. The suggestion that the nation state is no more a meaningful category comes from those who find in an 'integrationist' strategy greater economic benefit than from any strategy of reserving domestic space for domestic interests, so that some forces that advocated protection and state intervention in the 1950s, now support a liberal economic regime. The problem however is such a regime marginalizes the disadvantaged, who constitute a majority in most developing countries—a majority which because of centralization cannot make the case that the attenuation of the nation state challenges their already meagre standards of living. This however offers an opportunity to forces seeking an alternative to blind marketism. They constitute the social base which can legitimize the effort to reckon with the adverse consequences of globalization. This implies that political and economic decision-making needs to be decentralised so that segments who believe that there must be an alternative to unbridled marketism can find a voice. It also means that any alternative strategy must immediately address their basic needs so as to consolidate their support for that alternative.

Thus an alternative growth strategy does involve economic 'reforms', though not of the kind dictated by the Fund and the Bank to all developing countries. The objective of the reforms must be to widen the home market, to provide the broadest possible basis for development through appropriate structural change. But broadening of the market without a stimulus for its expansion can be counterproductive. And a State faced with macroeconomic disequilibria is hardly in a position to provide that stimulus. This implies that macroeconomic disequilibrium reflected in high budget deficits, has to be corrected through direct taxation and a reduction in inessential expenditure. Through greater discipline in tax-enforcement, changes in tax laws, removing certain kinds of exemptions, and an adjustment of rates for top income brackets, the revenue from income taxation should increase.

With greater resort to direct taxation, the tendency towards garnering

revenue from indirect taxes and administered price-hikes would have been reversed which itself would be an anti-inflationary measure. Even so, however it is necessary in addition to protect the poor from the effects of such inflation as would occur. And this is best done through an extension of the public distribution system, both geographically into the rural areas as well as in terms of its commodity coverage. To keep the strain on the exchequer of such an extension of the public distribution system within reasonable limits, there should be an adjustment in the targeting of this system, towards the poor.

The other component of macroeconomic disequilibrium which plagues developing countries, viz. the deficit on the current account of the balance of payments, is dealt with more directly in the strategy being proposed. The growth of income and exports here are not made dependent on the pursuit of an open economic regime, but are a fall-out of the activism of the State. This implies that the combination of selective but stringent import controls and an export thrust itself provides the basis for a correction of balance of payments disequilibria. Further, growth in a broad-based development strategy is not dependent on access to international finance, but uses the foothold offered in part by the home market. This implies that even the direct link between growth and vulnerability, or dependence on 'hot money' flows is snapped, achieving the principal objective of the alternative traverse.

Thus a package of policies of this kind would not merely help accelerate growth with some attention to equity, but would break the nexus between even a minimal rate of growth and an acceleration of dependence on foreign finance. Any access to finance would essentially serve to raise the rate of growth beyond that critical minimum, which is not subject to the uncertainties that the external vulnerability stemming from dependence on international capital generates. It is thus that the 'opportunity' offered by the rise to dominance of finance capital can be used by a developing country to engage international markets. The virtuous circle that commends itself in the new environment is one in which an effort by an activist State to engage international markets for goods and services provides it with the foundations needed to engage international capital markets and use them as one more weapon to further prise open unequal international markets.

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Contemporary Art in Baroda

EDITED BY **GULAMMOHAMMED SHEIKH**

The volume *Contemporary Art in Baroda* traces the evolution of Baroda as an important centre of contemporary art and art education, from the nineteenth century up to the last decade of the twentieth century. It begins with a discussion, in the first chapter, of the historical background of culture in the erstwhile state of Baroda, leading up to the establishment of the Faculty of Fine Arts—an institution that pioneered art education at the university level. The tradition of murals, elaborately carved *havelis* and painted temples; the arrival of Raja Ravi Varma at the invitation of Maharaja Sayajirao Gaekwad that resulted in the formulation of an east-west dialogue; the establishment of a school of art at Kalabhavan and a specially designed museum and art gallery with the intention of imparting visual education in eastern and western forms of art; the commissioning of Nandalal Bose to paint murals at Kirti Mandir—all these were factors that came together in diverse, eclectic, yet sustaining ways, to shape the art and culture of the city.

The elaborate second chapter focuses on two decades of the building of the Faculty of Fine Arts, and the evolution of a committed system of art education that viewed art and knowledge as complementary forms and envisioned the new artist as a creative and articulate individual, aware of his past and present, constantly engaged in contemporary discourse. This vision of the pioneers of art education at the Faculty—Markand Bhatt, V.R. Amberkar, N.S. Bendre, Sankho Chaudhuri, K.G. Subramanyan, as also the careers and works of these artists and of the first generation of artists trained there, are discussed in detail.

The third and fourth chapters trace issues arising out of the changing art scenario and movements from the seventies till the present day, in the context of the national and international art scene. This is accompanied by a discussion of the works of Jyoti Bhatt, Jeram Patel, Raghav Kaneria, Nagji Patel, Bhupen Khakhar, Nasreen Mohamedi, Vivan Sundaram, Laxma Goud, Mrinalini Mukherjee, Dhruva Mistry, N.N. Rimzon and several others who have significantly contributed to contemporary art in India.

Art in its historical context; art and education as life-vocations; art as an effective deterrent to dehumanization; the formation of a distinct vision of art through a mingling of the past and the present, the immediate and the distant—these are some of the complex issues that the book attempts to articulate through its discussion of the work of three generations of artists in Baroda.

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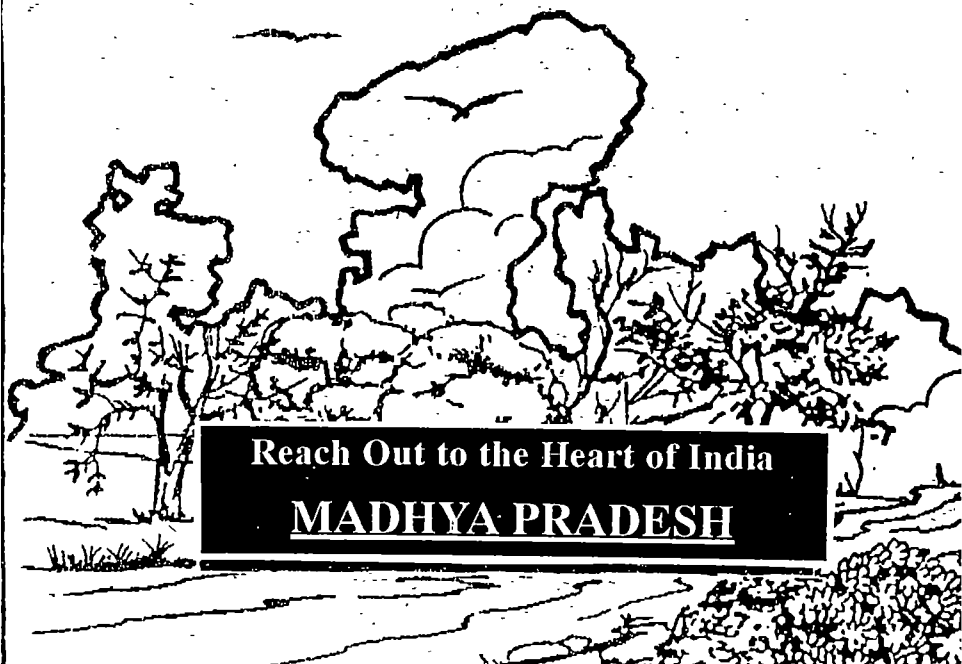
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रोमिला थापर

इस पुस्तक में मौर्यकालीन भारतीय इतिहास का अध्ययन किया गया है। इस अध्ययन के मुख्य स्रोत के रूप में अशोक के शिलालेखों का इस्तेमाल किया गया है। भारतीय इतिहास का यह अत्यंत महत्वपूर्ण काल है। इसमें बौद्धधर्म से अशोक के संबंधों की सर्वथा नई व्याख्या है। प्राचीन भारतीय इतिहास के इस कालखंड के विविध पक्षों को उजागर करने वाली अपने ढंग की यह अकेली पुस्तक है।

कपड़े की जिल्द, डिमाई 8vo, पृ. 364

बंगला नवजागरण

मुशोभन सरकार

आधुनिक भारत के सामाजिक सांस्कृतिक इतिहास में बंगला नवजागरण की चर्चा का प्रमुख स्थान है और इसे समूचे भारतीय नवजागरण के अगुवा के रूप में रेखांकित किया गया है। इस पुस्तक में बंगला नवजागरण की आधारभूत स्थापनाओं की ऐतिहासिक तथ्यों के आलोक में परीक्षा की गई है। उसके सूत्रधारों के योगदान को अलग से रेखांकित किया गया है। इस आंदोलन के तीन महत्वपूर्ण व्यक्तित्व थे : राममोहन राय, डैविड हेयर और डी रोजियो। नवजागरण में इनके योगदान को रेखांकित किया गया है।

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आधुनिक भारत का आर्थिक इतिहास

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आधुनिक भारत (1757-1947) के आर्थिक इतिहास पर हिंदी में यह नवीनतम पुस्तक है। इस अर्थ में यह पुस्तक एक अनूठा प्रयास है कि आजतक के शोधकार्य के नतीजों को भी इसके विवेचन में शामिल किया गया है। इसकी भाषा सरल और विषय के प्रतिपादन की शैली दिलचस्प है। इसको वे लोग भी पढ़ सकते हैं जो अर्थशास्त्र की बारीकियों से परिचित नहीं हैं।

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रोमिला थापर

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